INFORMATION LETTER

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Government Agencies Outline Plans for 1945 Food Program

N. C. A. Planning Committee Considers the Presentation by the Government Representatives, Makes Recommendations on Various Features

Government policies and programs for the 1945 pack of canned fruits and vegetables were presented and discussed at a meeting of the Planning Committee of the National Canners Association held in Washington on February 4 and 5.

In this issue of the INFORMATION LETTER, beginning on page 8504, are reproduced the statements made before the Committee by the government agency representatives and the text of the set-aside orders as published in last week's LETTER, which together furnish as complete information as is now available on the government's 1945 program.

After the two-day session at which government representatives presented their programs, the Planning Committee met to consider various features of these programs that had been the subject of discussion in connection with the addresses. The committee adopted recommendations with respect to needed modifications of the OPA pricing program, the need for increased amount of war prisoner labor for the 1945 season, classification of the activities of the canning industry and its suppliers, and other subjects.

The report of this meeting of the Planning Committee will be found on page 8519.

Among important points brought before the Committee in the statements made by government representatives were:

The Government will need and will take all of the canned fruit and vegetables covered by both the specific and contingency reserves in WFO 22.8 and 22.9.

Set-aside orders that have been announced may be revised upward in a review of the government requirements that will be made in April.

Early ending of the war in Europe would not appreciably reduce the amount of goods the Army will need from the 1945 pack.

Government procurement methods in 1945 will be generally the same as those for 1944.

The policy of the Office of Price Administration will be to continue in 1945 the general level of prices for 1944, with changes in the regulations to remove inequalities and inequities. The 1945 program, however, would require canners to absorb any further wage and raw material increases that may develop in 1945. This constitutes a departure from the 1944 policy.

OPA plans to formulate and issue specific regulations governing individual commodities in the order in which the packing of these commodities is carried on during the year, and has scheduled meetings of commodity advisory committees beginning February 13. OPA hopes to announce prices before the packing of the respective products begins.

Supplies of canned foods available for rationing are now shorter than at any time since rationing was started in March, 1943. Point values will be balanced against the scheduled movements of goods for each month.

The War Food Administration will designate grower prices for a number of vegetables and expects soon to announce grower prices for the four major vegetables—peas, corn, tomatoes, and snap beans.

The War Food Administration will support processors' prices by agreeing to purchase all canned fruits and vegetables set aside under WFO 22.8 and 22.9 and not purchased by the Quartermaster Corps, up to 90 per cent of the quantities set aside; also to purchase additional quantities of canned peas, snap beans, corn, tomatoes, tomato juice, tomato puree and tomato paste to carry out the grower support commitments on these products.

The net number of prisoners of war in the United States available for work in military establishments and in indus-

(Concluded on page 8521)

CCC Bill Reaches House; Senate Studies May Bill

By a voice vote, the Senate on February 5 approved the Bankhead bill which would increase the borrowing power of the Commodity Credit Corporation by $1,500,000,000 and extend the life of that agency until July 1, 1947. The measure would limit CCC expenditures for subsidies to $845,000,000. On the same day, however, the House Banking and Currency Committee reported favorably on a bill sponsored by Representative Spence of Kentucky, which would increase the borrowing power of the CCC by $2,000,000,000, with no limitations on the expenditures for subsidies.

Under Section 4 of the pending House bill, the CCC would have a free hand with regard to subsidies. This provision also was contained in the original Bankhead bill, but the Senate Banking and Currency Committee adopted an amendment by Senator Taft to restrict the CCC's subsidy activities, as reported in the INFORMATION LETTER for February 3.

Meanwhile the Senate Military Affairs Committee continued its hearings on the May bill this week, and as the LETTER went to press the committee was conducting executive hearings on the proposed measure. (See INFORMATION LETTERS for January 27 and February 3.)

War Food Administrator Marvin Jones told members of the House Banking Committee, at a hearing on the CCC bill, that if the armed forces take 50 per cent of the estimated 360,000 farm workers between the ages 18 and 25, "it will be increasingly difficult to meet the 1945 production goals." Judge Jones told the committee that following the issuance of the recent directive to State draft boards to re-examine for possible induction all men from 18 to 26 now agriculturally deferred (see INFORMATION LETTER for January 27), he sent a message to all State USDA War Boards emphasizing the seriousness of the situation.

PURCHASE PROGRAM FOR GOVERNMENT REQUIREMENTS

By Maj. Gen. Carl A. Hardigg, Office of the Quartermaster General

It is a distinct pleasure for me to appear on your program this morning and to participate in this stream-lined conference, which in proper conformity to governmental request will now reach the entire canning industry through the mails instead of Chicago. We in the Army can see the wisdom of this move, as both transportation and hotel capacities have been taxed to the limit, and the demands of the military are rapidly increasing for the use of more and more of these facilities. I, therefore, wish to commend the stand of the National Canners Association in taking the action which they have, and I am very confident that the programmed objectives for both the canning industry and the governmental agencies can be enthusiastically and fully accomplished under present plans.

Now, I welcome my place in this conference for two excellent reasons; first, I always have a feeling that when I am addressing the canning industry, I am talking to a group of men who have, from the very start of this war, given us practically one hundred per cent cooperation on every program we have launched; and I know that it hasn't all been sugar-coated. Sometimes it has been both uncomfortable and unprofitable in one way or another, but, as usual, the canners have come through for their fighting forces. The second reason for appreciating my place on this program is the opportunity it affords me to impress on each one of you the seriousness of our food program for this year.

I think you will all agree that the wishful thinking of last fall on a speedy termination of the war proved to be not only a disconcerting mirage, but a definite setback on our home front. This falling back into a sense of false security is one of the most dangerous aspects of our whole war program, and it is doubly important in the field of foodstuffs. Our responsibility for feeding the armed forces during this year is greater perhaps than ever before and in keeping with that responsibility, we have now outlined for definite accomplishment a procurement program of canned fruits, vegetables, and juices which will probably represent the most important and far-reaching purchasing program ever scheduled by the Office of the Quartermaster General.

As you all know, the Army, in addition to its own needs, is again entrusted with the procurement of canned food requirements for the Navy, the Marines, War Food Administration, War Shipping Administration, and the Veterans. These various requirements have again been coordinated, blue printed against base packs of 1943 and 1944, combined and figured in terms of percentages to provide the necessary canned foods for the combined governmental agencies. As the War Food Administration (legally entrusted with the issuance of the new WFO set-aside orders) has announced the designated percentages, I believe you will be better able to appreciate the big job ahead of us on this food program. At this point, I want to tell you frankly that in our judgment now, the Army's requirements (irrespective of other agencies) are definitely on the low side and are quite apt to be revised upwards in April, at which time all the agencies are to recheck their canned foods needs.

True it is, indeed, that experience is a wise teacher and since the beginning of the war, the Army has been able more and more to develop consumption factors and requirements formulae which, under normal war conditions, would narrow down our procurement to a definite basis; but there is nothing normal about this war, fought as it is on so many fronts, changing complexion almost daily, and necessitating as it does the hasty and ofttimes harassed extension of pipe-lines of food supplies all over the globe.

The answer is that we have to get the food to the front, no matter what the cost or the loss may be, and it has to keep going out through those pipelines in an unending flow. We are doing our very best to keep procurement levels on a reasonable but safe basis; and nothing would please me more than to come up in April with a program no higher than our current figures, which are definitely on the down side; but I cannot, in fairness to you, be optimistic on this score.

Now, to treat of another correlated subject, this bugaboo of hoarding food supplies on the part of the Army. You are all familiar with the 1942 purchase of our estimated needs as a percentage of an estimated pack. This resulted in an oversupply, especially in those items where the pack exceeded the estimates. Our stocks have since been brought into line. As for our present stock position, I can tell you of my serious concern about our ability to procure from the new pack of canned foods before our current supplies are exhausted. It's going to be a tight squeeze; so I'm sure that you can dispel any worries on surpluses and let me worry about the shortages.

Again I want to repeat to you the Army's position on pricing policies, which will continue this year to be the same as previous years, namely, to buy canned foods at what are considered to be fair prices. We distinctly have a double responsibility here. On the one hand, we must exercise every effort to see that excessive prices are not paid to any one canner or to canners in any one area; and, on the other hand, we must offer assurance that canners are treated fairly both as to individuals and as to areas. Your Association, as I understand it, approved the principles of this program.

At this point I do wish to refer to Bill Vaughn, who headed up our difficult program of last year and who has now gone back to the American Can Company. Most of you gentlemen here, I believe, know Bill and know too his outstanding capabilities and leadership. I was, of course, very reluctant to have him leave our program, but, after three years of loyal and splendid service, I could not deny him the advanced opportunity from his company. Nort Reusswig has taken over Bill's duties, and I am sure that the program will move along to your entire satisfaction, and to ours, under his guidance.

May I, in conclusion, impress upon you again the sincere appreciation of the Army for the real and vital contribution of the canning industry towards our procurement program. It must be a real satisfaction to you to know that your quality canned foods, the finest in the world, are reaching our fighting men and women in all parts of the globe, packed perfectly, packaged properly, and eaten eagerly. The canners and the Army together have made a food team that has proven unbeatable, and I am confident that together again this year we can both deliver the goods and hasten the end.

GOVERNMENT PROCUREMENT METHODS FOR 1945 PACK

By E. N. Reusswig, Consultant, Office of the Quartermaster General

Following in the footsteps of Howard Hamilton and Bill Vaughn is a pretty difficult task, even if you do wear a rather large shoe; but, as the General said, "Experience is a great teacher," and I am frank to confess that I've learned a lot since I've been in Washington.

I've learned one thing that I have been suspecting for a long while, and that is that we certainly have a big job ahead of us for 1945; but I am confident that our procurement organization is ready for it and prepared to carry on for you and with you as it always has. True it is that some of the old familiar faces are missing; Ken Hess, Frank Mathews, and a few of the pioneer field buyers, all of whom did a fine and appreciated job for the Army. We've closed our ranks at the central depots and in the field with excellent men, trained in our program and experienced in the field of canning so that they are fully capable of talking your language and dealing with you in the fair manner they always have. The fortunate fact that Captain Charles Ingram, formerly of the Chicago Depot, is now working with me in Washington and doing a grand job, brings me up to the point of Bill Vaughn. Following General Hardigg's gracious tribute to Bill, this may sound a bit repetitious, but modest

fellow that he is, he surely did a wonderful job down here, not only for the Army but for the canning industry, and to his individual credit goes the honor of guiding us through our difficult program of 1944.

Now, in respect to the new War Food Administration Order, which they have divided this year into fruits and vegetables, we in the Army feel, as in the past, that the subject of requirements and procurement are so intertwined in our program as to necessitate our lending every aid and assistance to the War Food Administration, which, as usual, has been graciously received.

Thus, there is one part of these orders which, with their permission, I would like to explain to you, namely, the contingency reservation. General Hardigg has already told you that the current Army requirements have been figured on the downward side. Even with his warning that the figures may be increased in April, this, in effect, does offer the canner some measure of protection in that we are working from the ground up and not in reverse.

We have gone a step further this year in our recommendation to the War Food Administration of a firm contingency of considerable amount, to be packed in domestic cases, plain cans and in consumer size, unstrapped. The percentage of contingencies on both orders will be asterisked with the notation of definite intention of purchase on our part, exactly the same as the fruit contingencies of last year. This method, frankly speaking, can be best described as a safety valve. Please let me repeat that we now plan procurement of all of these contingency quantities. However, here again, we feel that the canning trade is being given an added protection.

The old phrase, "to be used in case of extreme emergency," can be applied here in that, while we in no way anticipate any overall collapse in the enemy's fortunes of war, we have the machinery set up for just such a situation and should the unexpected happen, we would be in a position to release specified commodities and quantities to the industry in desirable cases and, better yet, in consumer can sizes.

On the matter of export packing, our program must be increased extensively. A very large proportion of both the Army and Navy requirements this year must be in V-2 cases. One striking example of this export increase is in the present Navy requirements which last year put approximately two-thirds of their needs in V cases. This year with requirements sharply advanced, and understandably so, we are called upon to buy 85 per cent of their canned foods in export cases with sleeves. As to the guarantee on V box purchases, the Army had, as you know, announced a guarantee of 75 per cent of the individual canner's 1944 export quota for the Army and Navy, provided orders were placed with the box manufacturers during their slack production months of January, February, and March.

Now that this objective has been achieved and realising the technicality of no existing protection for purchasers of V boxes unable to participate in this program, a current order has been issued by the Office of The Quartermaster General to all procuring depots, which in effect states that the Army and the Navy guarantee the purchase price of *all* V boxes and sleeves used in the export packing program of 1945. Within a reasonable length of time each canner will be notified of his exact export requirements by the procuring depot, and the urgent request is made that orders be placed *now* for *any* remaining balances so that our program can move along smoothly with all available supplies on hand and in readiness.

Going hand in hand with the V-2 case is the matter of procoating. Overseas reports continue to come in with enthusiastic stories on the manner in which your canned food, procoated and in export cases, sleeves and strapped, arrive in distant bases in excellent condition. Well past the experimental stage, procoating now has developed into one of the most important factors of our program. Last year we set a goal of 40 million cases and did a good job at it. By contrast, and to emphasize the seriousness of the job, we plan this year to procoat not only 24 million cases of fruit, but also 65 million cases of vegetables, more than double our last year's program. I will concede that this sounds like a pretty large undertaking, but measured on the fine accomplishments of last year and the additional installations now in operation throughout the country (well over 200), it's a job that can be and will be well done by a canning industry that has always come through when it counts the most.

As to strapping, practically all export cases, V-2's or V-3's, will be strapped, and, here again, the prompt ordering of strapping supplies is most desirable as soon as you have received your export quota figures from the depot.

Again this year, with the large procoating program, no labels will be used on export packing for the Army and Navy. Labels will be used on requirements of all other agencies, as well as the small domestic needs of the Navy. While the Army realizes that in some instances embossing the contents of the can must be used, its definite wish and preference is the customary printing of the commodity over the procoating on the sides of can with indelible ink, and it is to be hoped that the industry can and will work along these lines.

This, in brief, outlines some of the pertinent factors and objectives that lie ahead for both of us. It's not going to be easy—worthwhile things are never easy; and certainly this job of producing food is not only worthwhile, but imperative for all of us here and overseas.

They credit the famous Napoleon with the symbolic words, "An Army moves on its stomach," but he was defeated for the lack of it.

There will be no lack of food for the prosecution of the war, and its ultimate victory, thanks once again and sincerely so to you canners.

PRICING POLICY FOR CANNED FRUITS AND VEGETABLES

James F. Brownlee, OPA Deputy Administrator for Price

It affords me great pleasure to have the opportunity of again presenting to you some of my views in respect to price control as applied to canned fruits and vegetables.

Your industry has now operated under price control during three annual packs. I believe that during this period all of us who have worked on the problem have come to realize many things that they did not previously know and now have a better realization of the problems involved. For our part, we have become more conversant with the details of your business and the various problems that you must face in obtaining, packing and merchandising of products. On the other hand, undoubtedly your industry now has a much clearer view of the purposes and aims of OPA, of the various governmental acts and orders governing our actions and of our policies as established under these various acts and orders.

I would like to say to you quite frankly that in my opinion, in the past, there has been too much mistrust of each other on both sides. I believe you have felt sometimes that we were more interested in social reforms than we were in price control. On the other hand, some of the methods used by your industry in accomplishing certain ends that you desired were somewhat circuitous. I firmly believe that much more progress can be made and that the goal can be attained more quickly if all distrust is brushed aside and all of us sit down around the table in an honest attempt to solve any differences that may exist. I assure you that this agency is definitely not interested in social reforms and that we are concerned only with obtaining the best possible price control worked out by the most practical methods.

Now let me speak for just a moment in respect to our general pricing policy. I believe that most of you are aware by this time that ordinarily our policy is to grant increases in prices only when it can be shown that if the increase is not granted, the particular industry generally will not be able to make as many total aggregate dollars, adjusted for capital investment, in the current year as the industry made during the average year in a normal peacetime period. Wherein it can be shown

that the generally-used base period of 1936-1939 is not a proper base for a particular industry, a different base period can be chosen. This, as you know, has been done in your case and we have shifted to the period 1940-41 as the base for determining your price adjustments.

In recognition of the need for a maximum pack to aid the war, the unavoidable risks that must be taken in preparing for your annual production, and the lack of knowledge on your part as to what unforseen costs you might encounter, or what volume reductions might be forced upon you by weather conditions, the 1944 program was designed to obtain the required supplies of these commodities, rather than set at the legal minimum requirements of the agency's earning standards. We have not computed your increases in ceiling prices on the basis of returning to the industry generally the same total aggregate dollars as was earned on the average of the 1940-41 packs (adjusted for changes in investment), but have computed, for supply reasons, these increases on the basis of maintaining the same dollar-and-cent profit per case of merchandise as was enjoyed by you in this 1940-41 base period. Inasmuch as the volume of canned fruits and vegetables has increased considerably over the average production in 1940-41, the industry was able to make a substantially higher aggregate dollar profit in 1944. In other words, the canned fruit and vegetable industry has been left in a better position under our regulation covering the 1944 pack than it would have been if the agency's pricing policy had been strictly applied. I would like to have you keep this clearly in mind as we explain to you, during the course of the afternoon, our plans for the pricing of the 1945 pack.

Involved in these plans is the absorption of possible increases in raw material and labor costs, which we feel free to ask of this industry in view of the liberality of the treatment afforded by the 1944 price regulations.

The various industry advisory committees in this field have always been exceedingly helpful in attempting to solve our mutual problems. This plan has already been discussed in a joint session with the Canned Vegetable and Canned Fruit Industry Advisory Committees. Our plans call for meetings with each of the commodity industry advisory committees in rather rapid succession during the next two months, in order to work out problems incident to their particular commodity. Our aim is to complete this price work and issue any changes necessary in the 1944 price regulation so that they will be effective before you are required to start packing in any area. This is an accomplishment that we have been striving for for two years, and while I know that you will be extremely happy to have us achieve this result, I assure you that you will not be half as happy as we will be. I am sure that the goals I have outlined *can* be achieved if the proper spirit of cooperation exists between us.

PRICING PROGRAM FOR CANNED FRUITS AND VEGETABLES

By E. F. Phelps, Jr., Price Executive, Food Price Division, OPA

Any discussion in outline form of a program as large as the pricing of the entire pack of canned fruits and vegetables must obviously treat individual parts of that program briefly and without full justice to all of the factors which play a part. Accordingly, this outline presents our tentative pricing program for the 1945 pack in very broad form and it will not undertake a detailed discussion of each part of the program.

We believe this plan will result in ceilings for the 1945 pack which are generally fair and which will permit the industry to strive for full production. As we have stated several times previously, we believe it essential that 1945 ceiling prices be issued on time this year and it appears that this will be possible. Although this program has been discussed thoroughly within the agency and with your over-all Industry Advisory Committee, it is a tentative program and is subject to possible revision.

First of all, we hope to continue in substantially their present form the existing methods of price control. In other words, we propose to continue the use of Pricing Method No. 1 and No. 2 as the basic pricing methods to be used in figuring ceiling prices. In addition, we will attempt to "range-price" some additional items, providing we can secure certain essential data. These items are now priced under Pricing Method No. 2 and, if we are able to "range-price" them, they will be transferred to the coverage of Pricing Method No. 1. Such changes as these have been recommended by various representatives of the canning industry and we are willing to undertake them if we are able to obtain the right kind of data. It should be kept in mind, however, that these data may be unobtainable in some instances; if this is the case, we may be unable to "range-price" more than one or two additional items.

Second, we propose to maintain the present general level of prices for the 1945 pack of canned fruits and vegetables. This would mean, except under certain circumstances outlined below, that 1944 ceilings will be carried over into 1945. Where raw material support or recommended prices are reduced, ceiling prices would be reduced by the appropriate amounts. On the other hand, generally speaking, 1944 ceiling prices would remain in effect during 1945 even though some raw material or labor rate increases are approved. Some exceptions to this general rule may appear, however, and they are mentioned below.

Except that certain increases may be permitted as outlined below, this program involves absorption by processors of any further wage rate or raw material increases; accordingly, we are taking the position that any such increases should be held to the absolute minimum consistent with the need for production or supply.

We propose to maintain 1945 ceilings at the general level now in existence on the premise that the present level of prices now in effect for the industry as a whole is generally fair and equitable, and that these prices take into account the need for supply. This is so because these prices were established last year with that same need for supply in mind and because it does not appear that conditions within the industry or from the standpoint of supply have changed substantially.

In connection with the subsidy program and on the basis of recommendations by the War Food Administration, we also propose to restrict canners to the actual cost of raw material if such costs are lower than the recommended prices reflected in our ceilings. This procedure has been discussed in the past and, in view of the War Food Administration's recommendation, we believe it will be followed providing the necessary mechanics can be worked out.

Third, in the event subsidies should be discontinued, we have recommended that the relevant prices be increased by the full amount necessary to replace the subsidy payments involved. This means that if the subsidies, on either a finished product basis or raw material basis, are adjusted, are not extended, or are otherwise changed, we propose to adjust ceiling prices by the full amount necessary to reflect the change or discontinuance of subsidy payments.

Fourth, although the general level of 1944 ceiling prices would be maintained, we expect to correct a number of inequalities or inequities which may exist in the 1944 schedule of ceiling prices. At the moment, it appears that most such corrections would be upward, although there may be some few declines which will compensate for upward adjustments. In this respect, the types of adjustments we have in mind are those which would affect some area prices, some grade, can-size, or ribbon inequalities and other similar situations which now seem to provide inequitable or inaccurate results.

In addition, we propose to make certain changes in the 1944 ceilings which arise out of recommended adjustments in the War Food Administration's 1945 support price program for vegetables for processing. As an example of the latter, the War Food Administration has recommended a revision of its support program in the case of peas produced in the State of Washington, and it has also recommended that additional

varieties of snap beans be added to the support program; we intend to adjust ceiling prices to reflect these support price revisions. Also, in the case of commodities on which subsidies are now in effect, if support prices should be reduced and subsidies permitted after June 30, 1945, we propose that the amount of subsidy payable be reduced rather than to reduce the civilian ceiling at that time.

Further, we propose to increase 1944 ceiling prices for use in 1945 to reflect approved wage rate increases effective with respect to the 1944 pack, but not included in 1944 civilian ceilings and not subsidized with respect to the 1945 pack. For example, the unit cost of the Washington-Oregon retroactive wage increase will be added to the 1944 civilian ceilings of all canners in the affected area.

Finally, the present level of prices would be adjusted further only in the following ways: (1) insofar as the entire canning industry is concerned we would expect to adjust industry-wide ceiling prices, if necessary, by applying OPA's "earnings standard" (a brief definition of the "earnings standard" is given below). The burden of showing that 1945 ceiling prices do not meet that standard will have to rest largely upon the canning industry, although we expect to make a net profit survey of the industry to determine what returns were realized in the case of the 1944 pack; however, this will not delay the issuance of ceiling prices prior to the pack. We intend to make such a survey partially as a matter of our own responsibility and partially as a means of protecting the interests of the canning industry; the results of this profit survey should indicate how close we approached the "target" earnings which we aimed for in 1944, and will also place us in a position to judge the equity of any proposal by the canning industry that 1945 ceiling prices fail to return the level of profits required by the "earnings standard."

It doesn't appear at this time that there is much likelihood we will be called upon to apply the "earnings standard" during 1945, since we believe the canning industry as a whole has realized our "target" earnings in connection with the 1944 pack. If that "target" has been met, there can be no question but that the industry "earnings standard" has been much more than satisfied and that such will continue to be the case during the 1945 pack.

In addition, in some individual cases, in some area-wide cases and possibly in the case of some commodities nationally, we may make an adjustment of the 1944 level of prices under OPA's "product standard" (a definition of the "product standard" is also given below.) Such adjustments would be made on the basis of the need for supply which, where the "product standard" is involved, would mean that certain ceilings could be adjusted upward to a level which would ensure total costs to sellers receiving the adjustment. It seems probable that we will be called upon to apply the "product standard" in several cases during the 1945 pack.

Last, some upward adjustments in the 1944 level of prices will unquestionably take place in connection with our individual adjustment provision now a part of the regulation. There is also the possibility that the individual adjustment provision will be revised if necessary.

These three kinds of adjustment would provide the chief means of adjusting the 1944 level of ceiling prices upward, and we expect that most of these adjustments will be made under the "product standard" or by individual adjustment.

Briefly, and in summary, this is our tentative program for the 1945 pack of canned fruits and vegetables. This program has been discussed at considerable length for several weeks, and it does not appear that it will be changed substantially. We intend to do the best job we can of seeing to it that our present pricing methods and price levels are corrected and refined within this general framework and, above all, we intend to issue ceiling prices on time if it is humanly possible.

Definitions of OPA's "earnings standard" and the "product standard" follow:*

Earnings standard.—"Our interpretation of the provision that ceilings must be generally fair and equitable—stated in its broadest terms—is that we must ordinarily make a general price increase when the return to an industry falls below that which it earned in a representative peace-time period. So long as the earnings of an industry equal or exceed its earnings in a representative peace-time period, the ceiling price or prices that yield these earnings are sufficiently high to be generally fair and equitable. . . . In order to preserve the return on investment earned by the industry in a representative base period, we adjust the base period earnings of the industry to reflect a return on any change in investment since then."

Product standard.—"The 'product standard' comes into play only where, *in spite of a generally satisfactory overall earnings position*, the fairness of a maximum price for a particular product is questioned. We believe that a ceiling price for a particular line or product is generally fair and equitable so long as it does not result in out-of-pocket loss for any producer except the highest-cost fringe. Where the maximum price is lower than this, we raise it. This standard almost always has the result that much of the industry receives more than cost, sometimes much more than cost. That is because costs vary between producers."

As mentioned above, the application of the "product standard" in the case of the canning industry would provide an adjustment up to total costs, rather than out-of-pocket costs, in view of the fact that maximum production and supply is desirable.

* Quoted from a statement of OPA Price Policy by James F. Brownlee, Deputy Administrator for Price before the House Banking and Currency Committee, April 14, 1944.

PLANNING FOR PRICING THE 1945 PACK

By George V. Rountree, Processed Fruit and Vegetable Section, OPA

Food processors are now deeply concerned with plans for the 1945 pack. The quantity, quality and cost of raw materials must be related to the production schedule. The lack of skilled personnel and unavailability of other workers due to demands of the armed forces, present a most discouraging picture. Numerous other matters will have to be given attention before reaching a decision as to what the 1945 pack shall be for each plant. High on the priority list of questions to be resolved is the pricing program of the Office of Price Administration.

A great deal of work has been done in the direction of price control during the past three years by both the industry and OPA. While there have been differences of opinion, conflicting interpretations and errors of judgment, the overall job of price control has been reasonably successful. Both processors and Government should have profited by this experience to the end that the prices of commodities for 1945 should more closely approximate the goal intended by the various price regulations.

The general policy adopted is that the 1944 price structure shall be continued for 1945 except where gross inequities exist or methods and procedures have been found to be inappropriate. Changes are contemplated where legally possible, feasible, or practicable. In this respect, however, greater emphasis will be given to hardships affecting areas or groups rather than individuals.

Before announcing any final prices for the 1945 pack, it is planned to hold meetings of the several commodity industry advisory committees in Washington, during February and March, at which recommendations for changes in prices, methods, procedures or regulations may be presented. The success of these meetings will depend upon sound planning, cooperation and intelligent action. Prior to attending a meeting, it is urged that each committee member again familiarize himself with the OPA regulations and amendments thereto that affect the product he packs. Individual processors should present any constructive suggestions

they have to the committee member from their area in writing, supported by the factual evidence deemed necessary for clear understanding and action.

If committee members question the correctness of costs, margins or selling prices authorized by regulation, they may bring comparative figures with them in confirmation of their views. These should be for the 1943 and 1944 packing seasons, divided as to the various tin sizes of commodities packed. Other desirable information might include yield per acre, production in tonnage, yield in cases, amount of subsidy paid to growers, amount received from Government and any other pertinent figures that can be assembled with little difficulty. Where the processor is not familiar with the method of determining costs or distributing expenses, it is suggested he have his accounting department prepare a memorandum for his guidance in discussing any recommended price changes.

If practicable all recommendations should be discussed informally and evaluated before they are presented to OPA. Legal and administrative limitations should be duly considered and suggested changes in regulations boiled down to a flexible pattern which is most likely to meet with approval. A suggested procedure is to list proposals in the order of importance supported by concise and plausible reasons. Collateral evidence and twilight zone suggestions should be clearly differentiated from basic changes that may be considered.

Before determining prices in individual cases requests are frequently made by OPA for cost breakdown and other related information. Usually elaborate accounting analyses are not necessary. Simple figures taken from the processor's own records and applied in accordance with approved accounting practices will be satisfactory. Often a footnote or brief explanation as to the basis of costs or methods of distribution will make figures more understandable. It is desired to keep the burden and expense of reports to the minimum; this is particularly true because of the shortage of trained personnel. On the other hand, proper prices cannot be determined taken without dependable facts. Sometimes figures are submitted which have little or no basis in fact, and conclusions drawn therefrom are likely to be grossly unfair, not only to the processor who submitted them, but to his entire commodity group.

Processors and Government desire to carry out the "hold-the-line" policy, both in letter and spirit. When a government representative is sent to a processor's plant to make a cost study, the processor should interest himself and take the initiative to see that the information obtained is complete and correct. For the processor to merely turn over his books to the government accountant to do the best he can, may result in a disservice both to the processor and his neighbors. This does not mean that the government accountant will accept every figure and procedure of the processor, but it does mean that there should be no failure to carry out the assignment. Honest differences in opinion may occur, but these can be more readily reconciled, if all the facts are presented.

You men of industry and we in the government service have a common goal, that is, to produce the largest volume of quality food products possible at fair prices and to hold the line against inflation. Our armed forces and millions of civilians expect no less; we must not let them down. This effort is also necessary to safeguard our peace-time economy, which will follow the close of the war.

The schedule of meetings with commodity Industry Advisory Committees is as follows:

February 13, canned spinach; February 15, canned asparagus; February 21, canned peas; February 23, canned red sour cherries; February 28, canned string beans; March 2, canned sweet corn; March 9, canned tomatoes and tomato products; March 16, kraut products; March 21, canned beets and carrots; March 23, apple products.

Meetings of other advisory committees not listed above will be arranged at the earliest practicable date.

HOW THE FOOD RATIONING PROGRAM OPERATES

By James E. Kelley, Director, Food Rationing Division, OPA

The past year has witnessed the production of the second largest pack of processed foods on record. Packers deserve a lot of credit for this achievement, which was accomplished despite an extremely tight labor situation and many difficult operating problems due to war time conditions and shortages. However, because of increasing demands by the armed forces upon this near-record pack, the amount available for civilian consumption is less than during any of the previous war years. When it became apparent that the war in Europe would not end in September or October, as many people believed, the trend toward looser rationing controls was reversed. Supplies are now shorter than they have been at any time since the start of rationing in March, 1943.

As a result of ever lessening supplies for civilians during the war years, carryover stocks each year normally held at the packer-wholesale level have been steadily reduced. Total shipments by packers and distributors have exceeded current production for civilians in each of the last three seasons, lowering total carryover stocks at the beginning of the 1945-46 season to one-third of those for the pre-war five year average. Reduction in commercial stocks below this level during 1945-46 would mean very poor regional distribution of canned foods throughout the nation.

It has been the policy in rationing to try to move out the pack within the pack year, insofar as point values can accomplish that aim. Generally speaking, this goal has been achieved. Except for absolutely minimum shelf stocks we expect to go into the distribution of the new pack with stocks at the lowest level since the beginning of rationing.

Wholesaler's Maximum Inventory

As you know, the purpose of rationing is to spread a scarce supply of goods as evenly as possible during the pack year so that consumers and distributors may obtain their fair share, and it has been the policy of OPA to ration only when absolutely necessary. Thus, when it became certain that a shortage of vegetables and citrus juices was rapidly developing, rationing was resumed. This permitted a downward adjustment in point values on other processed foods, enabling consumers to exercise their choice over a broader group of items.

This reassignment of point values to vegetables and citrus juices has had a particularly important effect upon operations of wholesalers and thus upon your operations as canners. In view of the additional limitations on wholesaler purchases and inventories I will try to explain how you may most easily adapt your business to conform with the expanded program. Naturally, as processors most of your dealings are directly with wholesalers. Therefore, it is most important that you clearly understand the effect of the expanded rationing program upon their operations and consequently upon your own.

While a consumer's fair share is represented by 50 processed foods points a month, a retailer's or wholesaler's fair share of the supply available to civilians is determined by his maximum allowable point inventory. To facilitate the computation of an individual wholesaler's share a fixed base was designed which consists of the average of his net transfers or sales for the first four months (January, February, March and April) of 1944.

After this fixed base is found a wholesaler then determines the amount of goods he may acquire by multiplying the fixed base by an inventory "factor" which is announced for each monthly ration period. The result becomes his maximum allowable inventory. In effect the factor simply represents the number of months' supply of processed foods a wholesaler is permitted to stock under rationing and is arrived at by relating canners' available supplies to wholesalers' existing inventories. The maximum allowable inventory becomes the upper limit above which a wholesaler may not increase his in-

ventory. He must always confine his purchases to the difference between his stocks on hand and his maximum allowable inventory.

The factor is set and announced far in advance of each rationing period, so that a wholesaler can plan his purchases many months ahead of time. It fluctuates in accordance with the overall processed food supply situation and with the seasonal flow of those foods from the packer level. The maximum allowable inventory permits wholesalers to take in the largest share of merchandise during and directly after the packing season thus relieving packers of much of the warehousing burden. As the end of the pack year approaches and the supply dwindles, the factor is reduced. For the December rationing period the wholesale factor was set at 5. For the January period it was set at 4, as is also the case for February and March. The factor in future months may be even lower because of the scarcity of processed food supplies available for civilians from now until the new pack gets into distribution.

Many wholesalers have found the point value of their inventories considerably increased over their maximum allowable inventories as a result of the expanded rationing program after December 25. Wholesalers finding themselves in such a position are permitted to acquire no more additional processed foods supplies than 5 per cent of their maximum allowable inventory until their actual stock position is reduced below their maximum allowable inventory.

If, in the case of an individual wholesaler, the fixed base period can be proven to be not representative of that wholesaler's operations, the system permits adjustments for him upon such proof so that his fixed base will adequately represent a fair measure of his monthly sales of rationed foods. However, OPA cannot permit any adjustments or advance loans merely for the purpose of enabling wholesalers to accept all that they may have contracted for. If this were permitted it could work to the disadvantage of the whole trade since one wholesaler might be getting more than his share and thus would be carrying stocks for a much longer period than is desirable. It would be to such a wholesaler's advantage to examine the possibility of disposing of his surplus stocks to other wholesalers who need the merchandise and have the necessary point purchasing power. To retain a larger share of certain rationed goods might keep him from acquiring other canned goods in which his stocks were short.

It should be pointed out that canners' allocations form the backbone for distributing these goods to wholesalers. These allocations have been very helpful in supplementing the rationing program in the aim of preventing stockpiling by individual wholesalers. However, there are individual instances where these allocations do not coincide with distribution under rationing. The maximum allowable inventory control plus the canner's allocation system are both helpful in accomplishing the objective.

In summary, therefore, a given wholesaler's purchases are determined by his need for processed foods as gauged by the average of his own transfers during a fixed base period. The maximum allowable inventory represents his fair share of the total civilian supplies available for all wholesalers. Because of maximum allowable inventory restrictions it is possible that some contracts will have to be adjusted in accordance with the individual wholesaler's point purchasing power. You may, therefore, find it advisable to review your sales contracts and check with your customers as to their point position so that if they do not have the proper amount of points you can make arrangements to dispose of the goods to someone who does have the point purchasing power. Otherwise you may find that certain of your customers will not be able to take delivery of the processed foods they have ordered.

By this time you well know that it is our earnest desire that processed foods rationing should not cause unnecessary hardship. However, you also know that supplies are very short and, of course, the smaller the supply in relationship to the demand for it, the tighter ration controls must be to spread distribution in such a way as to give all persons an opportunity to obtain their fair share. We feel sure from our past very satisfactory relationship with the canning industry that we can count upon a continuation of the splendid cooperation of all processors in this important matter.

Point Balances

Another matter that I should like to discuss with you is the point values of canned fruits and vegetables today compared with last year at this time. Fear has been expressed that some of the present point values seem to be high on this basis. This simple comparison can easily lead to incorrect conclusions. The point value of a given item depends upon two sets of considerations. First, is the current actual rate of movement of the particular commodity compared to the scheduled rate of movement. This schedule refers to a portion of the yearly supply prorated according to an index of seasonal movement and projected in advance as a benchmark. Also substitutability with other commodities, extent of distribution, and similar factors are included. Based upon this sort of data, the decision is made either to raise, keep constant, or lower the point value.

Second, if a change is decided upon, the extent either up or down depends upon another set of conditions not directly connected with the supply situation. The individual item being considered is looked at first as a member of its group,—that is, for instance, as a fruit or a vegetable or a canned specialty—and second as a member of the total processed food family. The relative importance in points represented by the amount scheduled to move in each ration period, of each group and the total, is weighed against the number of processed foods points issued each month. The total point value of all the processed foods scheduled to move during a period is balanced against the number of points issued. As the number of points issued has remained relatively constant at around 8 billion each month, it follows that the determining factor in the level of point values has been the number of individual items rationed within the program. Each month the total point value of the foods which are scheduled to move during that period is balanced against the number of points issued. An allowance is made for the non-usage of points in arriving at this balance.

In order to see how this principle works let us examine the present point value of tomato juice as compared with a year ago. Although the civilian supply for the two years is approximately the same, the point value of tomato juice a year ago was 6 for the 46 ounce can while this year it is 40 points. What causes this difference? A year ago, you will remember, we were rationing frozen fruits and vegetables, dried fruits and vegetables, and all fruit spreads as well as a much longer list of canned and bottled items such as canned dried beans, all soups, baby foods and tomato products. Today, only canned fruits, juices, some vegetables and catsup and chili sauce are being rationed. Thus with such a great number of heavy volume items removed from rationing, an adjustment in the level of point values was necessary to keep in balance the number of points validated each month with the point value of the amount scheduled to move during each ration period.

Cooperation of Industry Committees

One of the really bright spots in the operation of the processed foods rationing program has been the work of the Industry Advisory Committees. Late in January, 1944, the Processed Foods Rationing Branch in cooperation with the National Canners Association, the National American Wholesale Grocers Association, the United States Wholesale Grocers Association, the National Food Brokers Association, the Super Market Institute and the National Retail Grocers Association established a canners committee and a distributors committee made up of representative members of the food industry. The members of these committees agreed to meet with us once a month to review all of the data available on processed foods supply and movement and to make recommendations for point changes and other rationing actions.

I cannot emphasize too strongly the amount of help these committees have given in the operation of the processed foods rationing program. In a full

spirit of cooperation they objectively appraised developments each month and frequently made recommendations which ran counter to their personal interest.

A very close working relationship developed between the processed foods branch and the committees as our experience in working together increased each month. These men brought into the operation of the program first hand knowledge of operating problems that we could have gained in no other way. Further, I believe they have proven to be a benefit to the entire trade as well as to us.

I sincerely hope that both of these committees will continue to work with us and will prove to be as helpful during the coming year as they have been in the past. We feel that in the months ahead one of the most difficult problems facing food rationing is acquainting the food trade with the facts—the reasons why certain rationing actions have been taken. The committees should serve as an important conductor of this information to the canning and distributing trade and will greatly increase the food industry's confidence in the soundness and integrity of the food rationing program.

It has been a pleasure to have had the opportunity to pass this brief message along to you. Naturally, it has only been possible to highlight some of the more important and pressing problems confronting us in this tremendous task of equitably spreading these short processed foods supplies over the balance of this pack year. Your help and advice in these mutual problems have always been and will continue to be of the greatest importance.

THE FARM LABOR PROGRAM AND FOOD PROCESSING

By Brig. Gen. Philip G. Bruton, Director of Labor, WFA

By signing the Agricultural Supply Appropriations Act on December 22, 1944, the President made possible a farm labor supply program for the full calendar year of 1945. This achievement was only possible because of a thorough understanding on the part of the Congress of the labor needs in agriculture and a unanimity of opinion in the Congress that budgetary action was necessary on the part of the 78th Congress if the farm labor supply program were to play its full part in the food production goals of 1945.

To members of your association, both National and State; to farm organizations; to farm labor sponsoring associations; and last, but not least, to individual farmers in every State of the Union, belongs full credit for making farm labor needs known to their respective Congressmen. Never in my experience had I seen a problem that was so clearly understood and so clearly presented by the people to Congress. From the voluntary suggestions and urgings from all over the land that definite and positive action be taken by the 78th Congress, an appropriation was made for the year ahead.

In a sense, this puts the War Food Administration and the State Extension Services on the spot. We do not have the alibi of late legislation now as we did have in 1943 and in 1944. We accept the challenge, however, and welcome the full year of activity. No one better than you in the vegetable and fruit canning and preserving business knows the necessity of definite assurances concerning labor early in the year. You are now contacting farmers and stimulating their interest in the contracting of acreages for canning crops. Among all the questions that arise in your negotiations undoubtedly labor is one of the most persistent.

Insofar as farm labor is concerned, I am happy to inform you that we have now completed our operations plans under Public Law 529. There is no change in the basic legislative act. There are only a few administrative changes in the War Food Administration. As a result of the Administrator's directive, the Federal Extension Service shall be responsible for directing all phases of the domestic (intra and interstate) farm labor program, except the provisions of housing, subsistence, and medical care where such domestic migratory labor is housed in camps operated by the Office of Labor. In effect, this means that whereas heretofore the Office of Labor assumed responsibility for the direction of the recruitment and transportation of interstate labor, and assumed responsibility for contracts and compliance, this responsibility is now placed on the Federal Extension Service.

The Office of Labor will continue to be responsible for the foreign labor and prisoner of war programs, as well as agricultural wage stabilization and the exception noted regarding domestic labor in the preceding paragraph.

The functions of the State and local extension service representatives remain the same as in preceding years.

In the presentation of our budget to the Congress we expressed ourselves as viewing the farm labor supply sources in 1945 as unchanged over 1944. We could then see some loosening of the supply on the Atlantic Coast but a continuing tight situation in the Midwest, the intermountain States and the far west.

On the basis of a better utilization of foreign labor in 1945 than in preceding years, and a more efficient employment of prisoners of war, we suggested to the Congress a somewhat smaller budget in 1944. Since the enactment of the legislation, however, events have taken place which may more than offset the increased efficiency to which we had looked forward. The announcement to dissolve the War Relocation centers and the drafting of farm boys under 26 years of age, as well as the driving into industrial jobs of large numbers of 4-F's under the threat of compulsory work legislation, are already militating against the agricultural labor force of 1945.

Each succeeding census shows fewer and fewer hired hands and other workers on our farms. Each year of the war has brought an increase in our farm production. 1944 surpassed the 1943 banner year of production by about 3 per cent, and the pre-war 1935-39 average by 30 per cent.

We now have some 65,000,000 productive workers in the United States, including those in the Armed services. Every industrial category of any consequence has shown increases in its number of workers from year to year, except agriculture. Yet no group can show a finer production record than agriculture. This production achievement is a tribute to the ingenuity, to the unselfishness, and to the hard work of the American farmer. Those of us in the various War Food programs hope we have been of some help to him.

Following the signature of the President to the Agricultural Supply Appropriations Act, we scheduled a series of four regional meetings with the field staff of the Office of Labor, the State Extension Services, the Service Commands of the Army, and the War Manpower Commission. We have just concluded the last of these meetings at Berkeley, California, where we met with the above agency representatives of the 11 western States.

Starting at Atlanta, where we met with the southeastern States, and continuing through all remaining meetings, we found an atmosphere of pessimism on the part of local representatives concerning farm labor unless there is an interstate, foreign, and prisoners of war program larger than in 1944. These increases were asked in the face of larger and more intensive local recruitment campaigns.

Insofar as the foreign labor program is concerned, we are importing in 1945, 75,000 Mexicans, 24,000 Jamaicans, and 6,500 Bahamians for emergency farm labor work. These figures correspond to 70,000, 18,000 and 5,500, respectively, in 1944. We are, therefore, increasing our foreign labor importation program by 10 per cent.

This increase is not enough to meet the demand. Most of the remaining demand will have to be met by an increased efficiency on the part of the workers, both prisoners of war and foreign laborers. This increased efficiency is possible if the extension services and the Office of Labor do their part, and if the farmers, farm labor associations and food processors do their part.

Manpower is too short to do other than all of us to work together for increased efficiency. In making our allotments on foreign labor we are definitely cutting requests in 1945 over 1944 to the extent that we expect farmers and processors to increase the work efficiency of the laborer by 20 per cent. Insofar as we can in advising the Army in the allotment of war prisoners, we are going to encourage the same increased efficiency with this class of labor.

In short, I have frankly warned all agency representatives at our recent meetings that increasing the number of workers ordered will not yield results insofar as allocations are concerned. We expect actual concrete demonstrations of shortages by the presentation of work accomplishment records. Increased acreage in 1945 are in order with decreased numbers of workers. Labor rationing is in order. It is encumbent upon this Association, therefore, to warn its members that foreign workers and prisoners of war will be severely rationed in 1945, and those crops that produce the highest content of food will come first.

We will move foreign workers, and I am sure the Army will do likewise with prisoners of war, during harvest periods in such a way that all food, if possible, will be harvested and saved from freezing. This will mean that certain crops, whose early harvest may mean more money for the producer, but whose harvest needs can be put off a month or two without a serious crop loss, will have to wait for workers.

Last year, as nearly as we have been able to estimate, foreign workers were available for use in agriculture for approximately 17,000,000 man-days. They were actually utilized 90.9 per cent of the time, or for a total of some 15,500,000 man-days. Of the 9.1 per cent lack of utilization, 3.2 per cent man-days were lost because of lack of work, 1.5 per cent because of illness, 1.2 because of refusals to work, and 1.2 because of other reasons.

These percentages testify to the willingness of the foreign employee to work when work is to be had.

In addition to their use in agriculture, the foreign workers were made available for food processing under regulations of this office. Again, according to our best estimate they contributed some 600,000 man-days in plant labor. In other words, upon the certification of emergencies in plants by the War Manpower Commission and the Extension Service, Mexicans, Jamaicans, Bahamians, and others were moved into the plants to overcome labor bottlenecks.

The procedure for the use of foreign workers in food processing will remain unchanged in 1945. In order to increase the worker efficiency I urge food processors to work in close cooperation with the local extension representatives. Advance planning does much to overcome emergency situations.

In summary, therefore, we are increasing our foreign labor supply. Prisoners of war will be available in approximately the same numbers as in 1944. The farm manpower outlook, notwithstanding these sources, is not bright. If all of us, however, will take the next four to eight weeks and really get down to business in planning, community by community, labor shortages will disappear. Anyone who does not now convince himself of being able to achieve the increased efficiency I have indicated, is going to find himself in a labor shortage. I have seen enough of our sporadic training attempts among foreign workers and prisoners of war, to feel absolutely sure, that if we all sincerely tackle the job, that, with favorable weather, food production in 1945 will remain at a record war level.

AVAILABILITY OF PRISONER OF WAR LABOR

By Capt. W. G. Golden, Prisoner of War Operations Division, P.M.G.O.

In approaching the subject assigned to me, I am going to attempt to make this a frank discussion of some of the things that face the War Department, and you, as potential users of prisoner of war labor, for the coming packing season. In the belief that a complete understanding of the picture will be made easier for you by so doing, I'm going to spend a little time in reviewing the prisoner of war program from its inception. Some of the things I am about to mention are, perhaps, ancient history to many of you, but I think they will bear repeating at this time.

When our forces got under way in Africa, it was inevitable that large numbers of prisoners of war would be taken by us. When these prisoners began to arrive in the United States, plans had already been made for their care, but with *one* idea in mind—that of providing housing for them in this country. For that reason, most of them were placed in relatively large camps in the South and in the Southwest, for the reason that it was obvious that they could be housed and guarded most advantageously in that portion of the county.

As our industries swung into the tremendous task of feeding, clothing, arming, and supplying the rapidly expanding armed forces, manpower shortages developed to plague those whose responsibility it was to see that these jobs were done. It became evident at that time that the great pool of labor represented by the mounting thousands of prisoners of war in this country should be used to alleviate these shortages. Military leaders realized that through the use of this labor many thousands of men in uniform could be released for duty overseas. It was found that there were numerous jobs on military reservations in which prisoners could be employed without creating conflict with the provisions of the Geneva Convention, the treaty by which we are governed in the care and treatment of prisoners of war. That, then, was the start of the work program, and it was at that time that the emphasis swung from security to essential work.

Shortly afterward, the War Department and the War Manpower Commission entered into an agreement to the effect that requests for prisoner of war labor for use in private industry would be channeled to the military authorities through the War Manpower Commission, and that contracts for such employment would be executed by the War Department on the basis of a certification of need issued by the manpower agency. This certificaiton is executed after the local manager of the United States Employment Service has exhausted all recruitment procedures at his disposal in an attempt to find sufficient free civilian workers to fill the jobs for which orders have been placed. After its approval by the office of the State Director of War Manpower Commission, the certification is forwarded to the appropriate service command headquarters where arrangements are made to provide prisoners of war for this work.

The certification of need indicates the type of work to be done; the prevailing wage rate for the specific operations to be performed; and recommendations

relative to the availability of the necessary housing facilities for the work detail and guard personnel. If a military installation is close by at which prisoners are housed, or can be housed, the contractor may be supplied from that installation. In the event that no military housing is available, it is the responsibility of the contractor to provide such housing. Certain allowances are made by the War Department to enable the contractor to amortize the cost of construction or conversion of the camp. New construction for such purpose is not looked upon with favor due to the need for use of critical items. Prisoner of war labor may be made available to the contractor for semi-skilled and common labor to be used in construction or conversion. The cost of such labor to the contractor is the rate of pay due the prisoner—80 cents per day.

Now, let's have a look at the extent to which prisoners of war were used during 1944. First, the total number of man-days of prisoner of war labor on private contract work and military work was 39,231,062. Of this total, 29,049,789 man-days were used in military work; 4,475,364 man-days were used in industrial jobs; and 5,705,099 man-days in agriculture. Such an extensive prisoner work program has served many purposes, numbered among which are (1) the alleviation of critical manpower shortages in certain fields; (2) the harvesting and processing of perishable farm crops so vital to the conduct of the war; and (3) partial reimbursement, through their earnings, of the cost of maintaining the prisoner of war while in our hands.

So much for the background of the work program. Now, if there is to be mutual understanding between us, it is necessary that we consider for a moment the present and anticipated needs of our military forces as far as prisoner of war labor is concerned because they, naturally, will have a definite effect on your program. I think that it is needless for me to tell you that the unexpected change that took place in the European theater of operations a short time ago made itself felt immediately in this country in the form of increased demands for military manpower overseas and also at our domestic installations.

A recent re-evaluation of the personnel needs at these installations has resulted in the placing of prisoners of war in many additional jobs—jobs that were formerly filled by American military personnel. Added to this is the fact that the Navy Department has now given approval for the use of prisoners of war at many of its installations in this country, and it is anticipated that many thousands will be required for this purpose to release naval personnel for sea duty. The Army Air Forces are now using prisoners of war at many of their stations about the country, and additional requests are being processed almost daily. In accordance with present War Department policies, all of this work is highly essential work, and much personnel—both military and civilian—is being released for more important contributions to the war effort.

I can tell you now in all sincerity, and with all possible emphasis, that we of the War Department will do everything in our power to remain assured that this valuable labor supply is not wasted on jobs of low priority on military reservations. Representatives of the several service commands, and officers of the staff of the Provost Marshal General are in the field almost continuously, reviewing the work efforts of the prisoners and guarding against extravagance in the use of this labor.

Now, you will probably think that it has taken me a long time to get around to discussing with you the prospects for the coming season. At the present time there are slightly over 300,000 prisoners of war in this country. This excludes those enrolled in Italian Service Units, those in Hawaii and those in medical and penal institutions. In other words, this represents the net total of prisoners of war in camps in the continental United States. Subtract from this total the officers, non-commissioned officers, the sick, and the number engaged in routine prisoner of war camp administration, and there remains a net total of about 232,000 employables.

The needs of the military establishment must be met before we approach the business of placing prisoners of war at work in industry or agriculture, and when you consider what I have just told you about these needs, you will realize that we are going to be pinched pretty badly in our attempt to spread this labor over the entire field. I think that we are forced to proceed on the assumption that no additional prisoners will be made available to us in this country. It is perfectly true that the American forces in Europe have a large number in their custody, but we have received no information to indicate that any part of that number will be shipped to the United States. So it appears almost certain that we will have to get along as best we can with what we have at present. If that picture changes, your problems, and ours, will not be so difficult or critical. In the meantime, from what we can learn, the manpower situation throughout the country is still extremely tight, with little relief promised during the months to come.

Just what does all this add up to as far as you and we of the War Department are concerned? Simply this: First, it is your responsibility, and ours, to see to it that prisoner of war labor working under our supervision is employed as intelligently and as judiciously as possible. This means that we *must* avoid the over-staffing of work details. It also means that we must provide the very best supervision we can hire. Certainly, if a given commodity is scarce, it is logical for us to go to any extent necessary to guarantee the highest possible degree of efficiency in its use. And I know you will agree that top-flight supervision is a long step in the right direction in this program.

Just an additional word about the over-staffing of details. These prisoners are smart enough to see immediately that you are using ten prisoners where five would do the job, and the result is that they will produce just enough to make you believe that ten are really needed. We can't very well blame them for wanting to perpetuate a "soft touch." I know that this is common practice because I have seen it at many places throughout the country.

The second thing that I'm going to suggest as a means of meeting this problem of spreading the supply of prisoner of war labor over the needs of the entire country is this: If you haven't already done it, go to work immediately and prepare estimates of your needs for the coming season. Be conservative in this and get them to your respective local WMC offices as soon as you possibly can. This will place that agency in a position to consolidate these estimates and enable us to go as far as we can in earmarking prisoners for your use. These schedules should be in the hands of the appropriate service command within the next 15 days, if they haven't already been forwarded. You will assist us in our attempt to do everything possible for you by following this suggestion.

In conclusion, I want to say to you that we of the Provost Marshal General's Office stand ready to do anything in our power to help you meet your labor supply problems. We will make available to you just as many prisoners of war as we can. I know that I am speaking also for the Commanding General of the Service Command in which you are located and for the prisoner of war camp commanders with whom you deal when I say that. Bear in mind that 1945 is not going to be an easy year as far as prisoner of war labor is concerned, but if close cooperation is maintained between the War Department, the War Manpower Commission, and the employer, our combined efforts should be productive of satisfactory results.

Tomato Starter Solutions

Experiments at the New York State Experiment Station showed that the use of a good starter solution costing less than a dollar per acre would increase the early yield of cannery tomatoes about 1½ tons per acre. The war cut off the supply of the materials that had proved most satisfactory and an effort was made to find substitutes. Greenhouse and field tests showed that regular grades of commercial fertilizers used at the rate of 10 pounds per 50 gallons of water made very satisfactory starter solutions.

SELECTIVE SERVICE PLANS FOR ARMY AND NAVY NEEDS

Col. F. V. Keesling, Jr., Chief Liaison and Legislative Officer

We have approximately 4,200,000 men occupationally deferred in classes II-A and II-B. An additional 1,500,000 are deferred in agricultural work; 865,000 are in II-A (F or L) and II-B (F or L), and 130,000 in II-C (F or L). This gives us a total of 6,725,000 men between the ages of 18 and 38, inclusive, who are in the II classes regardless of physical status.

Of the total in the first two groups—5,750,000—it is estimated that from 50 to 60 per cent, or 3,000,550, could meet the physical requirements and be accepted by the Army if taken out of war work.

The Army and Navy have told us that they will need approximately 900,000 men during the first six months of this year. This figure, of course, may be decreased or increased depending upon changing circumstances.

Where are these 900,000 men to be found?

To begin with, we assume that there will be a total of approximately 150,000 enlistments of 17-year-olds during this period. Most of these will go to the Navy which has for some time been receiving, at the rate of 25,000 or 30,000 a month, men who enlisted between their seventeenth and eighteenth birthdays.

The anticipated breakdown therefore is 150,000 17-year-old enlistments and 750,000 Selective Service calls.

Breaking down the 750,000 Selective Service calls, we have for the first two months of 1945, for the Army, 80,000 men each month; for the next four months, 100,000 a month. For the Navy, 32,000 per month for six months, or a total for the Army and Navy of 752,000.

Generally speaking, the armed forces need young men—those below 30 years of age. This means that we must look further into our figures in order to find the required number of men qualified both as to physical condition and age.

We anticipate a total of approximately 240,000 will be available from the group becoming 18 years of age each month, and who have not enlisted at age 17. An additional 180,000 will come from the men already classified in I-A—those who are in process of examination and induction.

This leaves 330,000 to the obtained, and these must come mostly from the occupationally deferred groups.

We have approximately 100,000 II-A's and II-B's under 26 years of age left in occupational deferments, exclusive of farmers. This 100,000 includes approximately 60,000 who are in the Merchant Marine, as well as doctors, coal miners, students, technical men, and Federal, State, and local government employes—everyone but the farmers. When we deduct the 60,000 who are in the Merchant Marine, we have but 40,000 left who are deferred and under 26 years of age in all those technical groups and in industry. It is obvious, therefore, that this group has been quite thoroughly processed.

As for the farmers, there are 340,000 on the farms in the 18 through 26 group, as against the 100,000 within the same age group who are deferred in other occupations. These farm men have not had physical examinations, and in many cases are still on the farms because of the second part of the so-called Tydings Amendment, which says that no man may leave the farm without getting the approval of his Selective Service local board. If he leaves without such approval, he will be classified as available for immediate induction.

It should be noted, however, that even were we to process all the men on the farms who are under 26, and were we to apply the previous rejection rate after deducting the enlistments in the Navy, which have been rather heavy, the maximum we could get from this entire group would be only about 170,000 men. The other 170,000 would be rejected upon being given a pre-induction physical examination.

We have 830,000 men, 26 to 29 years of age, deferred in industry and in the specialties previously mentioned, and there are 300,000 II-C farmers 26 to 29 years of age. In addition, there are 3,250,000 men 30 to 37, who are in II-A and II-B deferred for occupations other than agriculture, and an additional 700,000 farmers in II-C between the ages of 30 and 37.

In determining how it will take 330,000 men from the industrially and agriculturally deferred groups with a minimum of disruption of these two vital war activities, Selective Service has had to work out, on the basis of the recent recommendation of the Director of War Mobilization and Reconversion, a common-sense formula that will spread the calls throughout both agriculture and industry with the least possible detriment to each.

Employers have been told that they must be prepared to lose physically qualified men in the age group 26 through 29 when and if the requirements of the armed forces are such as to make their induction necessary. The effect on war production of the induction of substantial numbers of men in this age group will be influenced by the number of registrants who can be made available from agriculture and by the number of older men disqualified for general military service who seek employment in war supporting industries.

The local boards will consider the continuance of these deferments of registrants in the 26 through 37 groups on the basis of general information available, of specific information in the registrant's file, upon the representations of other federal agencies, and on the "local board's own knowledge of the relative importance of civilian activities and the labor supply conditions existing in the area in which the registrant is working."

It is apparent from what has been said that Selective Service, in order to meet current calls, has no other alternative than to dip into the deferred classes of registrants—registrants who, at the time of their deferment, were considered to be more valuable to the war effort in their civilian occupations.

Upon recommendation of the War Mobilization director, men will be taken from these deferred classifications, to the fullest possible extent, in the following order:

1. Registrants not employed in an activity appearing on the essential activities list as revised recently by the War Manpower Commission.

2. Registrants whom the local board finds to be employed in relatively unimportant jobs in essential but not critical activities.

3. Registrants whom the local board finds to be employed in relatively unimportant jobs in critical activities.

4. Registrants whom the local board finds to be engaged in relatively more important jobs in essential activities.

5. Registrants whom the local board finds to be engaged in more important jobs in critical activities.

Several factors, of course, will determine how far Selective Service will have to go in taking men from these five categories. Should we be able to get from the first group the 330,000 or so men needed, the remaining four groups would, for the time being, be left untouched. We cannot assume that this will be the case, so that undoubtedly Selective Service will have to dip into group 2, and perhaps into group 3 and possibly 4.

The question of replaceability also has been taken into consideration, and local boards, should they find that a replacement is available for a registrant, will classify him as available for induction regardless of his place in the groupings above.

New Association Members

The following firms have been admitted into membership in the Association since Decemer 9, 1944:

B. I. L. Food Products, Inc., New York, N. Y.

Florida Frozen Fruits, Inc., Haines City, Fla.

W. J. Howey Co., Howey-in-the-Hills, Fla.

Isabela Grove Co., San Juan, P. R.

J. D. Packing Co., San Francisco, Calif.

Mammoth Spring Canning Co., Sussex, Wis.

Peninsula Packing Co., Monterey, Calif.

Penthouse Food Sales Co., San Francisco, Calif.

Ver-Nal Canning Co., Stockton, Calif.

TEXT OF WFO 22.8 ON CANNED FRUITS AND JUICES

Pursuant to the authority vested in me by War Food Order No. 22, as amended (8 F. R. 2243, 6397; 9 F. R. 4321, 4319, 9584; 10 F. R. 103), it is hereby ordered as follows:

Sec. 1425.12 Quota restrictions and allocations.

(a) *Definitions.*

(1) Each term defined in War Food Order No. 22, as amended, shall, when used herein, have the same meaning as set forth for such term in said War Food Order No. 22, as amended.

(2) "Quota period" means, with respect to all commodities required to be set aside pursuant to this order, the period from January 1, 1945, to December 31, 1945, both inclusive.

(3) "Base period" means, with respect to all commodities required to be set aside pursuant to this order, the period from January 1, 1943, to December 31, 1944, both inclusive.

(4) "Base pack" means, when applied to each canned food listed in Column A of Table I, which table is attached hereto and is by this reference made a part of this order, one-half the total amount, by net weight, of all types, styles, varieties, and grades of such food canned by the respective canner during the base period: *Provided*, That, if the respective canner canned any particular food listed in said Column A of Table I during only one of the two calendar years of the base period, his base pack for that food shall be his total pack, by net weight, of such food during the said calendar year of the base period in which he canned the said food. In the event a canner has no base pack for any commodity covered under this order, the set-aside percentage prescribed for such commodity shall be applied against his production thereof for the quota period, in the manner prescribed in paragraph (c) hereof.

(b) *Applicability of this order.*

The terms and conditions of this order shall be applicable to (i) all canned fruits, and all canned fruit juices, listed in said Column A of Table I which are packed during the quota period in any of the 48 States of the United States or the District of Columbia, and (ii) all canned pineapple and canned pineapple juice which are packed during the quota period in the Territory of Hawaii.

(c) *Set-aside restrictions.*

Each canner who packs, during the quota period, any canned fruit, or any canned fruit juice, designated in said Column A of Table I, shall, to the extent that the quantity so packed may be adequate, set aside and thereafter hold for sale and delivery to Government agency from his pack of each such product for the quota period a quantity equivalent to the quantity obtained by applying the percentage for the particular product listed in Column D of said Table I against his base pack of that product: *Provided, however*, That, in the event the pack of any canner of any such product for the quota period is twice as great, or more than twice as great, as his base pack of such product, then such percentage shall be applied against his pack of that product for the quota period. If the type, style, variety, or grade of the particular product is specified in the aforesaid Table I, the portion set aside shall, so far as available, be in the type, style, variety, and grade so specified; but other types, styles, varieties, or grades in the possession of a particular canner as may be specified by the procuring Government agency shall be substituted to the extent that those specified in said Table I have not been packed by such canner. In the event a canner is preparing to pack, during the quota period, any canned fruit, or any canned fruit juice, listed in said Column A of Table I, which he did not pack during the base period, he shall so inform the Director by letter, and he shall state therein the quantity of such product which he anticipates that he will pack; and such canner shall set aside for sale and delivery to Government agency a portion of his pack of each such product for the quota period equivalent to the quantity obtained by applying the percentage for the particular product, listed in Column D of said Table I, against his total production of such product during the quota period.

(d) *When entire pack not set aside for Government agency.*

(1) In the event a canner packs any canned fruit, or any canned fruit juice, listed in said Column A of Table I, for nongovernmental requirements as well as for Government agency, the portion of each such product required to be set aside by him for Government agency shall be set aside as follows: (i) At least two-thirds of the set-aside portion shall be taken from the first preference grade of the canned product, as specified in Column F of said Table I, to the

TABLE I—CANNED FRUITS AND CANNED FRUIT JUICES

A	B	C	D	E	F	G	H	I
Product	Percentage of base pack			Type, style, variety (sequence does not denote preference)	Grade preference			Can size
	Specific reserve	Contingency reserve	Total (cols. B & C)		First	Second	Third	
Apples	67	*8	75	Heavy pack	Standard	Fancy		10
Applesauce	35	*2	37		Fancy	Standard		10-2
Apricots	46	*3	49	Halved, unpeeled	Choice	Standard (Fancy not desired)	Pie or water-pack	10-2½
Berries[1]	90	*10	100		Water pack	(2)		10
Blueberries	95	*5	100		Water pack	(2)		10
Cherries, R. S. P.	90	*10	100	Water pack	Standard			10-2
Cherries, sweet	22	*3	25		Choice	Fancy	Standard	10-2½-2
Figs	70	*5	75	Kadota	Choice	Fancy	Standard	10-2½
Fruit cocktail	68	*10	78		Top Choice[3]	Fancy		10-2½
Peaches	58	*10	68	Yellow clingstone halved or sliced	Choice	Top Std[4]		10-2½
				Yellow freestone halved or sliced	Choice	Fancy		10-2½
Pears	70	*10	80	Bartlett, halved	Choice	Top Std[4]	Fancy	10-2½
Pineapple	62	*10	72	Sliced, crushed, chunks, tidbits (except cocktail tidbits)	Fancy	Choice	Standard	10-2½-2
Pineapple juice	52	*10	62		Fancy			10-3 cyl.-2

* Indicates that Government intends to purchase all of contingency reserve in addition to the specific reserve.
[1] Blackberries, boysenberries, loganberries, youngberries only. Percentage applies to combined pack of the four varieties.
[2] Syrup pack not desired.
[3] Not below 15 points for absence of defects. Not below 15 points for character, with a total minimum not below 80 points as defined in terms of U. S. grades.
[4] Top standard means 70–74 inclusive as defined in terms of U. S. grades.

extent that such first preference grade is packed by the respective canner, but, if the quantity of the said first preference grade which is packed by such canner is not sufficient to meet that requirement, the total quantity of such first preference grade shall be set aside for Government agency; (ii) to the extent that the quantity set aside for Government agency from the first preference grade in accordance with the provisions of (i) above may fail to complete his set-aside quota, he shall set aside from his production of the second preference grade of the canned product, as specified in Column G of said Table I, such quantity as is necessary to complete his set-aside quota, but, if the quantity of said second preference grade packed by such person is not sufficient to complete such set-aside quota, the total quantity of such second preference grade shall be set aside for Government agency; and (iii) to the extent that the quantities set aside for Government agency from the first and second preference grades in accordance with the provisions of (i) and (ii) above may fail to complete his set-aside quota, he shall set aside from his production of his third preference grade, if any, of the canned product, as specified in Column H of said Table I, sufficient of such quantity to complete his set-aside quota as may be available: *Provided*, That, if there is an insufficient quantity of all three preference grades to complete his set-aside quota, he shall set aside from such other grades in his possession as may be designated by Government agency sufficient of such quantity to complete his set-aside quota as may be available.

(2) In the event a canner packs a canned product covered hereunder partly in tinplate containers and partly in glass containers, the portion to be set aside for Government agency from the several preference grades of such product in accordance with the provisions of (d) (1) hereof shall be that which is packed in tinplate to the extent that the respective grades are so packed in tinplate by such canner; and the particular product packed by such canner in glass containers shall be set aside from any such first preference grade only in the event and to the extent necessary to meet any such deficiency when there is not enough of the respective product of that preference grade packed by such canner in tinplate to meet the set-aside requirements for such grade.

(3) Within the limits of, and subject to the restrictions set forth in (d) (1) and (2), hereof, and to the extent such quantity is available from the particular canner's pack, a minimum of one-third and a maximum of two-thirds (except with the consent of the particular procuring Government agency) of the quota of any canned product for Government agency shall be set aside in the largest can size specified for that product in Column I of said Table I to the extent that the product is packed by the respective canner in such largest can size in the respective preference grades, and the remainder, if any, of the set-aside quota for such canned product shall be in the other can sizes, if any, specified in Column I of said Table I: *Provided*, That the portion of the set-aside quantity of the canned product represented by the contingency reserve percentage for such product shown in Column C of said Table I may, at the option of the particular canner, be packed and set aside in any can size which he may have available.

(4) Each canner who, pursuant to the provisions of this order, is required to set aside any commodity listed in said Column A of Table I shall be deemed to have met the set-aside requirements of this order if he sets aside the entire quantity of the respective commodity which is in his possession on the effective date of this order plus the quantity of such commodity which he packs during the quota period after this order becomes effective, even though such amount is less than the quantity of the respective commodity required to be set aside by the provisions of this order.

(e) *Reports.*

The reports required by Sec. 1425.1 (c) of War Food Order No. 22, as amended, shall be submitted on form OMS 140 (Formerly FDA 685). The reports shall be submitted to the Director within 15 calendar days after the completion of the pack.

(f) *Purchase, inspection, and specifications.*

The Army of the United States is hereby allocated the quotas prescribed herein for Government agency, and the Army may purchase said quotas for its own account or the account of other Government agencies whenever it has agreed with such agencies to do so. The Army and the Office of Marketing Services, respectively, are authorized to inspect and grade such canned foods pursuant to Sec. 1425.1 (d) of War Food Order No. 22, as amended. The Army is further authorized to issue specifications at any time with regard to the processing, packing, containers, container treatment, can marking, labeling, boxing, and strapping of such canned foods pursuant to Sec. 1425.1 (b) (5) of War Food Order No. 22, as amended.

(g) *Provisions of War Food Orders Nos. 22.4, as amended, 22.6, as amended, not affected.*

The provisions of this order shall not be considered as rescinding or modifying the provisions of War Food Order No. 22.4, as amended (8 F. R. 6573, 11590; 10 F. R. 103), or the provisions of War Food Order No. 22.6, as amended (9 F. R. 1824, 6497; 10 F. R. 103).

(h) *Effective date.*

This order shall be effective as of 12:01 a. m., EWT., January 30, 1945.

TEXT OF WFO 22.9 ON CANNED VEGETABLES AND JUICES

Pursuant to the authority vested in me by War Food Order No. 22, as amended (8 F. R. 2243, 6397; 9 F. R. 4321, 4319, 9584; 10 F. R. 103), it is hereby ordered as follows:

§ 1425.11 Quota restrictions and allocations.

(a) *Definitions.*

(1) Each term defined in War Food Order No. 22, as amended, shall, when used herein, have the same meaning as set forth for such term in said War Food Order No. 22, as amended.

(2) "Quota period" means, with respect to sauerkraut, the period from September 1, 1945, to August 31, 1946, both inclusive; and, with respect to all other comodities required to be set aside pursuant to this order, the period from January 1, 1945, to December 31, 1945, both inclusive.

(3) "Base period" means, with respect to sauerkraut, the period from September 1, 1941, to August 31, 1942, both inclusive; and, with respect to all other commodities required to be set aside pursuant to this order, the period from January 1, 1943, to December 31, 1944, both inclusive.

(4) "Base pack" means: (i) when applied to sauerkraut, the total amount, by net weight, of all types, styles, varieties, and grades canned by the respective canner during the base period; and (ii) when applied to each canned food, other than sauerkraut, listed in Column A of Table I, which table is attached hereto and is by this reference made a part of this order, one-half the total amount, by net weight, of all types, styles, varieties, and grades of such food canned by the respective canner during the base period: *Provided*, That, if the respective canner canned any particular food, other than sauerkraut, listed in said Column A of Table I during only one of the two calendar years of the base period, his base pack for that food shall be his total pack, by net weight, of such food during the said calendar year of the base period in which he canned the said food. In the event a canner has no base pack for any commodity covered under this order, the set-aside percentage prescribed for such commodity shall be applied against his production thereof for the quota period, in the manner prescribed in paragraph (c) hereof.

(b) *Applicability of this order.*

The terms and conditions of this order shall be applicable to all canned vegetables, and all canned vegetable juices, listed in said Column A of Table I which are packed during the quota period in any of the 48 States of the United States or the District of Columbia.

(c) *Set-aside restrictions.*

Each canner who packs, during the quota period, any canned vegetable, or any canned vegetable juice, designated in said Column A of Table I, shall, to the extent that the quantity so packed may be adequate, set aside and thereafter hold for sale and delivery to Government agency from his pack of each such product for the quota period a quantity equivalent to the quantity obtained by applying the percentage for the particular product listed in Column D of said Table I against his base pack of that product: *Provided, however,* That, in the event the pack of any canner of any such product for the quota period is twice as great, or more than twice as great, as his base pack of such product, then such percentage shall be applied against his pack of that product for the quota period. If the type, style, variety, or grade of the particular product is specified in the aforesaid Table I, the portion set aside shall, so far as available, be in the type, style, variety, and grade so specified; but other types, styles, varieties, or grades in the possession of a particular canner as may be specified by the procuring Government agency shall be substituted to the extent that those specified in said Table I have not been packed by such canner. In the event a canner is preparing to pack, during the quota period, any canned vegetable, or any canned vegetable juice, listed in said Column A of Table I, which he did not pack during the base period, he shall so inform the Director by letter, and he shall state therein the quantity of such product which he anticipates that he will pack; and such canner shall set aside for sale and delivery to Government agency a portion of his pack of each such product for the quota period equivalent to the quantity obtained by applying the percentage for the particular product, listed in Column D of said Table I, against his total production of such product during the quota period.

(d) *When entire pack not set aside for Government agency.*

(1) In the event a canner packs any canned vegetable, or any canned vegetable juice, listed in said Column A of Table I, for nongovernmental requirements as well as for Government agency, the portion of each such product required to be set aside by him for Government agency shall be set aside as follows: (i) At least two-thirds of the set-aside portion shall be taken from the first preference grade of the canned product, as specified in Column F of said Table I, to the extent that such first preference grade is packed by the respective canner, but, if the quantity of the said first preference grade which is packed by such canner is not sufficient to meet that requirement, the total quantity of such first preference grade shall be set aside for Government agency; (ii) to the extent that the quantity set aside for Government agency from the first preference grade in accordance with the provisions of (i) above may fail to complete his set-aside quota, he shall set aside from his production of the second preference grade of the canned product, as specified in Column G of said Table I, such quantity as is necessary to complete his set-aside quota, but, if the quantity of said second preference grade packed by such person is not sufficient to complete such set-aside quota, the total quantity of such second preference grade shall be set aside for Government agency; and (iii) to the extent that the quantities set aside for Government agency from the first and second preference grades in accordance with the provisions of (i) and (ii) above may fail to complete his set-aside quota, he shall set aside from his production of his third preference grade, if any, of the canned product, as specified in Column H of said Table I, sufficient of such quantity to complete his set-aside quota as may be available: *Provided,* That, if there is an insufficient quantity of all three preference grades to complete his set-aside quota, he shall set aside from such other grades in his possession as may be designated by Government agency sufficient of such quantity to complete his set-aside quota as may be available.

(2) In the event a canner packs a canned product covered hereunder partly in tinplate containers and partly in glass containers, the portion to be set aside for Government agency from the several preference grades of such product in accordance with the provisions of (d) (1) hereof shall be that which is packed in tinplate to the extent that the respective grades are so packed in tinplate by such canner; and the particular product packed by such canner in glass containers shall be set aside from any such first preference grade only in the event and to the extent necessary to meet any such deficiency when there is not enough of the respective product of that preference grade packed by such canner in tinplate to meet the set-aside requirements for such grade.

TABLE I—CANNED VEGETABLES AND VEGETABLE JUICES

A	B	C	D	E	F	G	H	I
Product	Percentage of base pack			Type, style, variety (sequence does not denote preference)	Grade preference			Can size
	Specific reserve	Contingency reserve	Total (cols. B & C)		First	Second	Third	
Asparagus	51	*4	55	All green or culturally bleached	Fancy cut	Fancy spear		10-2½-2
Beans, lima	37	*3	40	Fresh	Extra Std.	Top Std.[1]	Fancy	10-2
Beans, snap	45	*7	52	Green, cut; wax, cut	Extra Std.	Top Std.[1]	Fancy	10-2½-2
Beets	48	*6	54	Cut, quartered, diced, sliced	Fancy	Top Std.[1]		10-2½-2
Carrots	97	*10	107	Diced	Fancy	Top Std.[1]		10-2½-2
Corn, sweet[2]	33	*6	39	White, yellow, cream style, whole kernel	Fancy	Extra Std.	Top Std.[1]	10-2
Peas	35	*5	40	Alaska 3, 4 sieve; sweet 3-sieve and larger, ungraded	Extra Std.	Top Std.[1]	Fancy	10-2
Pumpkin or squash	31	*3	34		Fancy	Top Std.[1]		2½
Sauerkraut	45	*7	52		Fancy	Top Std.[1]		10-2½
Spinach	57	*7	64		Fancy	Top Std.[1]		10-2½-2
Tomatoes	58	*8	66		Extra Std.	Top Std.[1]	Fancy	10-2½-2
Tomato catsup	47	*6	53		Fancy 29-33% solids	Fancy 33% solids or over	Fancy 25-29% solids	10-3 cyl., 2½-2, 14 oz. glass, or larger
Tomato juice	41	*6	47		Fancy			10-3 cyl.-2
Tomato puree	15	*3	18	Heavy (minimum specific gravity—1.045)	Fancy			10
Tomato paste	24	*3	27		Fancy			10-2½-2-8 oz.

* Indicates that Government intends to purchase all of contingency reserve in addition to the specific reserve

[1] Top standard means 70-74 inclusive as defined in terms of U. S. grades.

[2] Top standard means 80-84 inclusive as defined in terms of U. S. grades.

Full inside enamel cans required. Number 10 cans to be used for whole kernel only.

(3) Within the limits of, and subject to the restrictions set forth in (d) (1) and (2) hereof, and to the extent such quantity is available from the particular canner's pack, a minimum of one-third and a maximum of two-thirds (except with the consent of the particular procuring Government agency) of the quota of any canned product for Government agency shall be set aside in the largest can size specified for that product in Column I of said Table I to the extent that the product is packed by the respective canner in such largest can size in the respective preference grades, and the remainder, if any, of the set-aside quota for such canned product shall be in the other can sizes, if any, specified in Column I of said Table I: *Provided*, That the portion of the set-aside quantity of the canned product represented by the contingency reserve percentage for such product shown in Column C of said Table I may, at the option of the particular canner, be packed and set aside in any can size which he may have available.

(4) Each canner who, pursuant to the provisions of this order, is required to set aside any commodity listed in said Column A of Table I shall be deemed to have met the set-aside requirements of this order if he sets aside the entire quantity of the respective commodity which is in his possession on the effective date of this order plus the quantity of such commodity which he packs during the quota period after this order becomes effective, even though such amount is less than the quantity of the respective commodity required to be set aside by the provisions of this order.

(e) *Reports.*

The reports required by § 1425.1 (c) of War Food Order No. 22, as amended, shall be submitted on form OMS 140 (formerly FDA 685). The reports shall be submitted to the Director within 15 calendar days after the completion of the pack.

(f) *Purchase, inspection, and specifications.*

The Army of the United States is hereby allocated the quotas prescribed herein for Government agency, and the Army may purchase said quotas for its own account or the account of other Government agencies whenever it has agreed with such agencies to do so. The Army and the Office of Marketing Services, respectively, are authorized to inspect and grade such canned foods pursuant to § 1425.1 (d) of War Food Order No. 22, as amended. The Army is further authorized to issue specifications at any time with regard to the processing, packing, containers, container treatment, can marking, labeling, boxing, and strapping of such canned foods pursuant to § 1425.1 (b) (5) of War Food Order No. 22, as amended.

(g) *Provisions of War Food Orders Nos. 22.4, as amended, and 22.6, as amended, not affected.*

The provisions of this order shall not be considered as rescinding or modifying the provisions of War Food Order No. 22.4, as amended (8 F. R. 6573, 11590; 10 F. R. 103), or the provisions of War Food Order No. 22.6, as amended (9 F. R. 1824, 6497; 10 F. R. 103).

(h) *Effective date.*

This order shall be effective as of 12:01 a. m., EWT., January 30, 1945.

WFA PRICE SUPPORT AND GROWER PRICE PROGRAMS

By Lt. Col. Ralph W. Olmstead, Director of Supply, CCC

The features of the WFA program that I wish to discuss with you today are not in final form and have not yet received formal approval by the War Food Administrator. The program as presented here is for discussion only and when finally approved may not be in the form as outlined.

The one fact I want to emphasize above all others in talking with you is this: Our armed forces must have enormous quantities of canned foods.

The War Food Administration, in cooperation with the farmers, has set all-out food production goals. Planned acreages are even greater than last year from the over-all standpoint.

In cooperation with American canners we have also set all-out goals for canned foods because of the great demands for this type of subsistence. The figures for requirements are the outcome of the best estimates available.

As a bit of background let me say that in the planning on canned food requirements, we do not discount the great military accomplishments of the Russian armies. Nor do we underestimate the fanatical character of Nazi resistance and the possibility of prolonged, bitter guerrilla warfare in Europe. We must always keep in mind that on the battle fronts of Europe—or in transfer to other fronts—large numbers of American fighters must be effectively fed. Canned goods are an integral part of that feeding.

We also recognize that in the Pacific we are up against a desperate, cunning, skillful, and formidable enemy. We must be aware that even the most favorable events in Europe will still leave us to fight a war of the first magnitude in the Pacific. It is a war that will require the services of ever larger numbers of American fighters as quickly as they are available. It is a war of steadily longer supply lines.

In other words—whatever events may occur in Europe—the armed forces will require vast quantities of canned foods in 1945 and it is to you canners that the nation turns to obtain much of these foods of war. It is axiomatic to state that without adequate rations, of which a substantial portion are canned goods, successful military effort and victory would be impossible.

U. S. military and war services alone in 1945 will require the delivery of nearly 90,000,000 cases of set-aside vegetables, an increase over last year of more than 7,000,000 cases. Non set-aside vegetables—at 2,400,000 cases—are up nearly 1,000,000 cases over last year.

With canned fruits and juices (other than citrus) the quantity of set-aside items required for 1945 by our Armed Forces is some 33,440,000 cases. Requirements for non set-aside fruits and juices are up a few thousand cases over 1944 at an estimated 700,000 case total. As you know, citrus juices, at present, may be sold only to government agencies. Over and above military and war needs, there are the requirements of the civilian population to be met.

To you, none of these facts is wholly new, because the entire industry has cooperated in planning these goals. They are the results of full and free conference between many representatives of Government and industry.

Certainly the needs will not be easy to fulfill. We appreciate that this year, more than ever, that shortages of manpower and the difficulties of maintaining and replacing equipment are still major problems. However, we have confidence in the ability of your industry to solve these problems and finish the job with the same fine spirit and ability that you have demonstrated in past years.

You have an understandable interest in price supports and alleviation of risk as these things apply to your operations. In these things, Government cooperates. In the following pages detailed specific information on the 1945 programs is outlined. Of course, the operations of the programs depend upon congressional action on appropriations.

1945 Guaranty Purchase Program

This program guarantees that the War Food Administration will purchase from any packer, at his election, all fruits and vegetables set aside under WFO 22.8 and 22.9 and not purchased by the Quartermaster Corps acting as procurement agent for all government agencies, up to 90 per cent of the quantities thus set aside. It further provides for the purchase of additional quantities from any packer of his pack of canned peas, snap beans, corn, tomatoes, tomato juice, tomato puree and tomato paste in order to carry out the grower support commitment on these products.

Commodities

The following commodities will be eligible for purchase under this program: All canned fruits and vegetables of styles, types, grades and can sizes included in War Food Orders 22.8 and 22.9, provided, however, that canned green peas, sweet corn, snap beans, tomatoes and tomato juice, puree and

paste (hereinafter referred to as support vegetables) will be purchased subject to limitations set out below.

Quantity

Purchases will be restricted to 90 per cent of the maximum set aside in the orders (specific reserve plus contingency reserve). This quantity will represent the difference between the amounts actually purchased by the Quartermaster Corps and 90 per cent of the set-aside of individual canners. With respect to support vegetables, the War Food Administration will purchase all offered over and above the set-aside percentage with the exception of canned tomato puree and tomato paste. Canned tomato puree and canned tomato paste will be eligible only to the extent of one-half of the individual canner's aggregate pack in the 1943 and 1944 seasons.

Eligibility

The following prerequisites are required to determine canners' eligibility for participation in this program:

1. Vegetable canners must have been certified by the appropriate Agricultural Conservation Committee as having contracted (or made a bona fide attempt to contract) with growers at not less than the applicable 1945 grower support prices for canned peas, snap beans, sweet corn and tomatoes, and at not less than the designated prices being announced (see following schedule) for the other canned vegetables ordered to be set aside under WFO 22.9. Open market tonnage by certified canners will be supported, subject to adjustment to the extent that the weighted average cost of such raw material is less than the applicable grower support prices or designated announced prices for any particular area.

In computing the weighted average cost for purposes of adjustment, tonnage purchased on the open market at prices above the applicable grower support price or designated price shall be calculated at a price equal to the support price or designated price. Tonnage bought at prices below support or designated prices shall be calculated at prices actually paid. Packs purchased from canners who have acquired raw tonnage on the open market shall be treated as having been produced from such tonnage to the full extent of the canners' open market operations based on average case yields.

Fruit canners will be required to certify that they have paid (or contracted to pay) growers at least the applicable support price for all purchases of raw materials used in canned fruits included in the set-aside order. If no support price is announced by WFA for any of these fruits, the designated price (if one is announced) will govern. If neither a grower price nor a designated price is announced for any commodity, no certification will be necessary. With respect to fruit cocktail, the support price or the designated price announced for each component commodity will govern the raw material purchase.

2. With the exception of snap beans, this support program will apply only to commodities packed in the calendar year 1945 by the participating canner. For snap beans, the program will apply to the quantity packed by the participating canner during the period March 1, 1945, through December 31, 1945.

Termination of Program

Canners may submit offers under this program to the following dates: February 28, 1946, for spinach and asparagus; May 31, 1946, for peas; and June 30, 1946, for all other commodities.

Prices

1. The price to be paid to each canner with respect to the 90 per cent of the set-aside quantities for each commodity purchased under this program shall be the weighted average price paid (or contracted to be paid) by the Quartermaster Corps to such canner for the same commodity that was of like style, type, variety, grade and can size and packed in the same area.

2. If no purchases were made from a canner by the Quartermaster Corps of the commodity being offered to the War Food Administration by such canner, the purchase price for such commodities shall be determined as follows: (a) If the Quartermaster Corps offered to purchase the commodity from the canner, purchases by the War Food Administration will be made at the price offered by the Quartermaster Corps; (b) if the Quartermaster Corps did not offer to purchase the commodity being offered by the canner the War Food Administration purchase price will be the canner's 1945 government ceiling price.

3. Purchase prices with respect to support vegetables will be on two bases, whichever is lower: (1) 86.4 per cent of the canner's individual gross (f.o.b.) ceiling prices for civilian sales as determined by OPA regulations; or (2)

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1. ASPARAGUS

	Per ton
California	$151.30
All other States	161.80

2. BEANS, LIMA

Prices to be announced later.

3. BEETS

New York, New Jersey, Washington, Oregon, California	21.00
All other States	19.00

4. CABBAGE FOR KRAUT

All States	13.00

5. CARROTS

New York, New Jersey, Pennsylvania	22.00
All other States	20.00

6. PEAS, BLACKEYE

Maryland, Virginia	60.00
All other States east of Mississippi River	55.00
All States west of Mississippi River, including all of Louisiana	65.00

7. PEAS, OTHER FIELD
(including crowder, cream, purple hulls and other similar varieties used for canning)

Maryland, Virginia	55.00
All other States east of Mississippi River	50.00
All States west of Mississippi River including all of Louisiana	65.00

8. SPINACH

New York, cut above crown	34.00
Pennsylvania, Northern,[1] cut above crown	34.00
Delaware, Maryland, Virginia, New Jersey and rest of Pennsylvania, cut below crown	70.00
Delivered Baltimore City canners from Maryland, Delaware, Virginia, New Jersey, and rest of Pennsylvania, cut above crown and trimmed	100.00
Illinois, Indiana, Michigan, Nebraska, Ohio, Wisconsin, cut above crown	32.00
Arkansas, Louisiana, Mississippi, Missouri, Oklahoma, Tennessee, Texas, other than Southeast, cut above crown	70.00
Texas, Southeast,[2] cut above crown	50.00
Oregon, Washington:	
Cut above crown	50.00
Cut below crown	35.00
California, in the field, uncut	22.50
All other States, cut below crown	32.50

9. SWEET POTATOES

All States (per bushel—50 lbs.)	1.00

10. MISCELLANEOUS VEGETABLES

(Including but not limited to broccoli, mushrooms, okra, pimientos, pumpkin, and squash) an increase up to 20 per cent over the base period (1942).

[1] Northern Pennsylvania: Counties of Erie, Crawford, Mercer, Venango, Warren, Forest, McKean, Potter, Tioga, Bradford, Susquehanna and Wayne.

[2] Southeast TEXAS: The area south of and including the counties of Webb, McMullen, Live Oak, Karnes, Dewitt, Lavaca, Colorado, Austin, Waller, Harris, Chambers and Duval.

90 per cent of the weighted average price paid (or contracted to be paid) by the Quartermaster Corps to the canner for the same commodity of like type, variety, grade and can size.

4. The War Food Administration may at its option develop with canners a stop loss provision in lieu of actual transfer of title to the canned commodities.

Containers and Packaging

Purchased commodities must be packed in tin containers bearing commercial labels and in can sizes specified by War Production Board Order M-81 as amended: Lots must be packed in strong, new domestic shipping cases, or in export shipping cases—V3c and V3s fibre-board with two straps. If export cases are specified at time of purchase, the additional cost of such packaging (within OPA regulations) will be added to the applicable support price. If only domestic cases are required, lots packed in export cases will be accepted but no additional amount will be paid.

Grades

Grades mean the specifications used by the QMC for purchasing the type of commodity offered. Commodities of sub-standard grades will not be purchased or supported.

Inspection

All offers must be accompanied by a U. S. Department of Agriculture inspection certificate issued within 60 days prior to the date of the offer. The cost of inspection will be borne by the canner.

Storage

Delivery may be required at any time. WFA, however, may require canners to provide free storage to a date not more than 30 days after the applicable offer termination date. (For example, for spinach, 30 days after February 28, 1946.)

Miscellaneous Conditions

Purchases will be made in straight carlot quantities only. No offers in less than carlot quantities will be accepted.

The War Food Administration will not now make any commitments covering the 1945 price support program for canned fruits. Consideration will be given to the needs for such a program when more complete crop data are available.

Programs Announced for 1944

Offer forms will be available shortly to provide for the purchase of canned vegetables under the 1944 support program.

Due to the shortage of canned fruits it has not been necessary to take further action on the previously announced 1944 support program for these commodities.

Since it is presently indicated that the Army Quartermaster Corps will purchase the entire quantity of canned fruits and vegetables required to be set aside under WFO 22.6 in 1944 no further action is necessary to fulfill WFA guarantee to purchase 90 per cent of the set-aside which was announced at the Canner's Convention in February, 1944.

Designated Prices for 1945

On page 8518 is a list of the designated grower prices for 1945 on asparagus, beets, cabbage, carrots, black-eyed peas, other field peas, spinach and sweet potatoes being announced by War Food Administration and Office of Price Administration. Prices for lima beans will be announced later.

The designated prices are those used by OPA in fixing the maximum raw material costs to be reflected in the 1945 ceiling prices of your canned products. There is only one change from the 1944 schedule of prices. The sweet potato price has been revised to conform to a change in the base price used in fresh market ceilings.

Announcement of support prices for 1945 to growers of green peas, sweet corn, snap beans and tomatoes for canning purposes will be made soon.

New WFA Set-up Is Explained by Deputy Director Brenner

Prior to the statement by Lt. Col. Olmstead, Maurice L. Brenner, Deputy Director of the WFA Office of Supply, explained the functions of the Office of Marketing Service, Office of Basic Commodities, and Office of Supply under the recent organization.

Lt. Col. Olmstead, Vice President of the Commodity Credit Corporation and Director of the Office of Supply, will be responsible for purchasing, storing, and shipping foods to meet the various supply programs of WFA, particularly Lend-lease; preparation of food allocation estimates for all claimants on United States supplies, price-supporting operations for fruits, vegetables, poultry, and livestock, and sale of Government-owned surplus food-stocks. Long-range food allocations will be prepared under the direction of Col. Olmstead and liaison maintained with foreign food missions and the armed services. Food supply programs for Caribbean and Hawaiian areas will be under his direction as well as the Federal portion of the community school lunch program.

Mr. C. W. Kitchen, Director of the Office of Marketing Services, will be responsible for various agricultural marketing programs, including food conservation and limitation orders and their enforcement, estimates of civilian food needs, development of marketing agreement programs, agricultural market news services, and development of Federal standards for agricultural products. The Office also is charged with extensive inspection and regulatory work involving the administration of 25 Federal statutes.

Mr. Carl C. Farrington is Vice President of the CCC and Director of the Office of Basic Commodities.

Mr. Brenner also outlined the surplus food sales program of the War Food Administration and asked that the canning industry continue to aid the Government in the disposal of such surpluses as may develop.

RECOMMENDATIONS MADE BY PLANNING COMMITTEE AFTER STUDY OF GOVERNMENT PROGRAM AS PRESENTED

The Planning Committee, after study and discussion of the programs outlined by the various government agencies at the meeting on February 4 and 5, approved the following recommendations and actions.

OPA Pricing Program

After fullest consideration of the tentative program outlined by the OPA, and of the statements of the various OPA officials in explanation of this proposal, the Planning Committee reached the following conclusions:

1. For 1944 the OPA evolved, after a full study of representative costs in the canning industry, a method of pricing of canned fruits and vegetables which was adapted to the seasonal character of the industry, which reasonably attempted to take care of its widespread operations and its many products, which resulted in the achievement of production goals insofar as crop conditions in particular areas permitted, and which left with the processor the risk of weather, yield, and other hazards. This program was considered essential to the achievement of production goals. In the application of this pricing method, the industry was subjected in 1944 to a substantial rollback of its margins for processing.

2. OPA has now announced that this pricing method, with minor adjustments for mathematical corrections and inequities, will be carried forward into 1945. OPA has also announced that increased labor costs resulting from National War Labor Board action applicable to 1944 packing operations will be reflected in 1945 prices. But OPA has further stated that if through Government action in 1945 the cost of raw materials is increased, or by like Government action labor costs are increased by

action of the National War Labor Board, these increases are not to be reflected in ceiling prices except pursuant to certain limited and difficult procedural adjustments.

3. Evaluation of these suggested procedures for adjustment, in the light of data reported to be available to OPA or to the industry, and on the basis of the explanations of their intended use offered by OPA officials, makes it clear that as a practical matter adjustments to reflect increased costs of raw materials or of labor caused by Government action will in fact seldom be made, and will be accomplished so late as to be of no value to processors whose packs must by that time have moved to the Armed Services or into civilian consumption. Past experience of the industry leads to this conclusion, despite confidence in the operating pricing staff of OPA.

4. The rejection to this extent by OPA of the pricing method worked out for 1944 is believed to be unnecessary and unreasonable. While it is impossible at this time precisely to evaluate all of the hazards of the industry for 1945, what evidence is available indicates that with a normal pack the probability of increased costs due to Government action may in many areas subject processors to serious loss. In the event of crop or labor shortages materially curtailing the pack, critical financial losses are threatened. On the basis of previous experience with OPA, and after consideration of the suggested limited methods of adjustment, it seems clear that these cannot afford adequate or timely relief in each circumstance.

5. Since a substantial rollback was made in 1944, there is no warrant for any further curtailment of margins, particularly where increased costs result from action of the Federal Government. Nor is there any basis, other than pure speculation by OPA as to probable 1945 conditions, for the assumption that the industry can and should absorb such governmentally caused increases.

6. For these reasons the tentative proposal is deemed to be unreasonable, unfair, and a serious threat to the continued stability of the processing industry which cannot help but affect 1945 production. OPA has stated that "it does not appear that conditions within the industry or from the standpoint of supply have changed substantially." Both War Food Administration and the Armed Services have asked for maximum production in 1945 and an increase of more than seven million cases for the Army. No basis appears for announcing at the very outset that, in the event of expected cost increases, the processing margins will be reduced.

7. The proposed pricing method should be modified at least to the extent of affording an unqualified assurance that if the Federal Government by its own action increases prices for raw material, or increases labor costs such increases will be reflected in ceiling prices.

8. These views should immediately be transmitted to the OPA and to the Director of Economic Stabilization and to others interested in maximum production. Every appropriate method should be pursued to urge these officials immediately to consider the views of the industry on these points.

Prisoner of War Labor

The following resolution, presented by the Manpower Committee, was approved by the Planning Committee:

WHEREAS, the War Food Administration and the Armed Services have stated that achievement of the announced production goals in 1945, which are higher than in 1944, is essential to the effective prosecution of the war and maintenance of necessary civilian food supplies; and

WHEREAS, according to present indications fruit and vegetable processors are and will be confronted with a more critical shortage of necessary labor; and this condition, in the absence of any assurance of alleviation, is beginning to cause the curtailment of production plans and the contracting of necessary acreage; and,

WHEREAS, during 1944 approximately 25,000 prisoners of war were used in the processing of fruits and vegetables, were employed only where civilian labor was not available, and their employment resulted in the processing of substantial portions of the crop which would otherwise have been lost, and their work was generally satisfactory; and

WHEREAS, in 1944 announcement of the availability of such prisoners of war was made early in February and encouraged both grower and canner to plan maximum production, and

WHEREAS, during 1945 the use of not less than 45,000, with a probable addition of 5,000 prisoners of war to take care of the West Coast, is essential if needed packs are to be made, and in the absence of assurances that such labor will be made available during 1945 and of the announcement of completed and detailed arrangements for its use in the fruit and vegetable processing industry the achievement of required production goals is seriously threatened,

BE IT RESOLVED, that this situation be immediately called to the attention of the Secretary of War and the War Food Administrator, and that these officials be urged to take immediate steps to provide in timely and adequate fashion for making available to the canning industry in 1945 the maximum amount of prisoner of war labor needed to achieve production goals.

Classification of Canning Industry Labor

The Committee approved the following resolution as to the classification of the fruit and vegetable processing industry and its suppliers as critical activities:

WHEREAS, the fruit and vegetable processing industry has been urged by representatives of the Army, Navy and War Food Administration to achieve 1945 production goals of processed fruits and vegetables well in excess of the record-breaking 1944 production in order to supply the requirements of the Armed Services and necessary civilian consumption; and

WHEREAS, the available labor in 1944, including imported workers, prisoners of war, and part-time employees was barely sufficient to permit attainment of the 1944 goals; and

WHEREAS, the fruit and vegetable processors are particularly concerned in relation to the maintenance of its management personnel without which the direction of inexperienced seasonal labor would result in material reduction in production; and

WHEREAS, the present and prospectively more critically short labor supply seriously jeopardizes the ability of the fruit and vegetable processing industry to achieve these 1945 production goals, both by reducing the minimum amount of necessary labor available to suppliers of the fruit and vegetable processing industry furnishing the necessary containers and other supplies essential for producing the 1945 packs, and by stringently curtailing the minimum amount of necessary labor available to perform the packing operations,

BE IT RESOLVED by the Planning Committee of the National Canners Association that the Director of War Mobilization and Reconversion and the Chairman of the War Manpower Commission be urged promptly to take the appropriate action to declare the fruit and vegetable processing industry and its suppliers of containers and other essential materials as critical activities for which paramount labor priorities shall be granted in recruitment of labor for employment in this industry.

Excess Profits Tax

The Committee reviewed the current and probable future status of claims filed by many canners pursuant to Section 722 of the Revenue Act of 1942. This section had been included, at the request of the Association, in order to afford relief to canners on whom the excess profits tax operated harshly because of abnormalities in earnings or losses during the base period. (See INFORMATION LETTERS for July 25 and October 10, 1942.) In applying this relief provision, the Bureau of Internal Revenue has in substance made it necessary for the applicant to demonstrate not only his own economic history, but also that of the industry of which he is a member.

The Committee adopted a resolution urging that the Association immediately authorize an economic study of the industry, by a properly qualified, independent economist, for the purpose of preparing a report which may be used by canners in connection with their Section 722 claims, and urged further

that this study be completed within the shortest possible time.

Subsidy Offset

The 1944 subsidy contract considered each individual purchase of raw product made on the open market as a separate deal for purposes of subsidy payment. Thus, the full subsidy was paid only on those purchases made at or above the support price. In the case of open market purchases made below the support price the difference between the actual price paid and the support price was deducted from subsidies due on other purchases. The Planning Committee went on record as recommending that all the purchases by an individual firm of a given raw product for the season be averaged and that average price be used as a test of compliance under the subsidy program.

Grades of Surplus Goods

The War Food Administration in disposing of surplus canned foods has accompanied their offerings to canners with grade certificates showing the lots to be of a different grade, sieve size, etc., than the grade of the same lot when originally purchased by the Army. For example, one lot of peas was purchased by the Government as 2 Sieve Alaskas but when the same lot was offered as surplus to the original processor it was certified to be for 5 Sieve Alaskas. A subcommittee was appointed to confer with WFA on these problems.

Growers Prices

The Planning Committee went on record as opposing any reduction in the grower support price of any of the four major vegetables—corn, peas, tomatoes and string beans, and that WFA avoid making any changes in its methods that are designed to alter the normal practice in the packing of these commodities.

Floor Support Prices

The Committee went on record as requesting the Procurement Division of WFA that floor support prices for canned foods be expressed in terms of a fixed percentage of the gross OPA civilian ceiling price only. The Committee opposes the introduction of the alternative Army price base in determining the floor support price.

A statement of the experiences of the Rationing Committee was read, and the Planning Committee recommended the continuation of the Rationing Committee for another year.

GOVERNMENT AGENCIES

(Concluded from page 8503)

try and agriculture is now about 232,000 and no information has been received indicating that more war prisoners will be shipped in. Plans for employing war prisoners are based on meeting first the needs of the military establishments; and it will be difficult to spread the remaining labor over the entire field that needs it. Data on canners' needs of war prisoner labor should be submitted to local War Manpower Commission offices as soon as possible.

Selective Service anticipates that 330,000 men will be required from the industrially and agriculturally deferred groups during the first six months of the year.

CANNED POULTRY SET ASIDE

Order Requires 100 Per Cent until Government Needs Are Met

War Food Administration announced on February 8 a 100 per cent set-aside order for canned poultry (chicken and turkey) in a move to supply U. S. military demands for approximately 70,000,000 pounds of these canned products in 1945. The order, WFO 125, becomes effective February 14, 1945.

Preparation of the total quantity will require the processing of between 200 and 250 million pounds of New York style dressed chicken and turkey and practically the full use of all available poultry eviscerating and canning facilities in the United States, WFA and U. S. Army Quartermaster Corps officials estimate. ("New York dressed" poultry is all poultry that has been killed, bled and plucked. The order applies to all States.)

The order restricts evisceration of chickens and turkeys to "authorized poultry eviscerators" who are required to process according to U. S. Army specifications. They must set aside all the eviscerated chicken and turkey until it is (1) purchased or rejected by a U. S. Army Quartermaster Market Center, (2) released by the QMC for sale to another government agency, (3) sold to an "authorized poultry canner", or held for canning by eviscerators who are also authorized canners, (4) delivered to a cold storage plant in which it will continue to be set aside, or (5) released by the Director of the Office of Marketing Services, WFA.

Only "authorized poultry canners" may preserve eviscerated poultry and the processing of canned poultry must be in accordance with U. S. Army specifications under supervision of WFA or U. S. Army inspectors. Poultry canned under the order must be set aside until it is (1) purchased or rejected by QMC, (2) released by the QMC for sale to another government agency, or (3) released by the Director of OMS. All set-aside provisions of the order will remain in effect after suspension or termination of the provisions covering evisceration and canning.

Chickens and turkeys owned and held in cold storage by canners on the effective date of the order must be set aside until it is (1) purchased or rejected by the QMC, (2) released by the QMC for sale to another government agency, (3) sold to or eviscerated by an authorized eviscerator, (4) sold to or used by an authorized canner, or (5) released by the Director. This applies to any canner who canned poultry in glass or tin containers during the period of two years immediately preceding the effective date of the order.

Shipments or deliveries of frozen poultry to eviscerators or canners must be accompanied by certificates indicating the quantity and calling for set-aside of the poultry for disposition under the order.

Poultry eviscerators or canners may seek authorization from the Order Administrator. Letters of authorization will be issued to applicants having proper processing facilities available that meet U. S. Army Veterinary Inspection and who agree to carry out the provisions of the order. Eviscerators or canners faced with the prospect of having their plants closed as a result of the order, are urged to communicate with the Order Administrator. (WFO 125, War Food Administration, Washington 25, D. C.)

The order does not apply to poultry eviscerated or canned for use in a home or household in which it is eviscerated or canned, restaurants, eating houses, hotels or institutions—when eviscerated or canned on the premises for consumption on the premises or for sale at retail for home use. It does not apply to retailers who eviscerate poultry for delivery to homes for home use, nor to eviscerated or canned poultry previously offered to the QMC and rejected, nor to giblets, skin or fat in excess of specified quantities. Stocks of canned products now on hand are not affected.

Fish Set-Asides to be Higher

Increased government needs for canned fish, pointing to heavier set-asides from the 1945 pack than were required from the 1944 pack, were discussed at a meeting of the War Food Administration's Canned Fish Industry Advisory Committee just held in Washington, D. C.

Set-asides were increased to 100 per cent on January 14 for Pacific mackerel and pilchards, the two species in production between that date and March 31, 1945. The 1945 set-aside probably will amount to 75 per cent of the total pack of salmon, pilchards, herring and mackerel.

WPB Cuts Use of Fibre Containers for Non-military Purposes

A five per cent cut in the use of new fiber shipping containers for non-military purposes has been ordered by the War Production Board through amendment of Limitation Order L-317 (Fiber Shipping Containers; Manufacture and Use), WPB reported today. The amendment limits the quarterly use of such containers to a number that will require only 95 per cent of the total containerboard (by both weight and area) in the containers lawfully used by a packer in the corresponding calendar quarter of 1944.

"Sharply increased activity in the various war theaters creates an even heavier demand on cartons for military supplies, and this need can be met only by greater conservation at home," WPB officials said. The officials pointed out that containerboard requirements for V-boxes have increased almost 50 per cent since the first quarter of 1944.

The amendment to Order L-317 is effective as of January 1, 1945. WPB announced that all grants of appeals under Order L-317 are expressly canceled by the amendment.

Under the amendment, the vast variety of Schedule III products (running from food to curtain rods) lose their separate carton quotas, as previously established in relation to a base period, and come under a blanket provision that limits a packer to a calendar quarter usage of 95 per cent of the containerboard content (in terms of both weight and square feet) legally used by him in the corresponding calendar quarter of 1944, or to 23¾ per cent of the total 1944 use. The amended order now provides that any unused portion of a quarterly quota may not be added to the next quarter's quota, and borrowing from one quarter to another is prohibited.

Shipping containers used for military purposes in 1944 must be excluded from the base upon which the packing quotas are computed; formerly such containers could be included. However, containers to be used for military purposes in 1945 are not chargeable to the packer's quota.

"Reshippers" are to be counted as "new" containers and must be included in the packer's 1944 base usage. They are chargeable to the packer's 1945 quota. Bona fide used cartons, however, remain outside the provisions of Order L-317. A "reshipper" is defined as any new container, made in whole or in part from solid or corrugated fiber, that contains empty inner containers (such as glass jars, cans, etc.) received by the packer, and which is then used by him for shipping inner containers packed by him with some product.

Carton specifications for meats and other packing-house products listed under Schedule IV are essentially the same as those previously established, but the former option of using 85 per cent of 1943 carton usage is revoked.

WPB officials said that full compliance with the revised L-317 is necessary if more drastic controls are to be avoided. Enforcement will be strict, they said.

WPB emphasized that today, more than ever before, conservation of containers is still an urgent matter and reuse of cartons is essential.

Holding Georgia-grown Tomato Plants under Cold Storage

For several years, growers of cannery tomatoes have used southern-grown plants as well as those grown locally. In the spring of 1943 prolonged wet weather aggravated the difficult problem of holding plants until they could be set. The New York State College of Agriculture reports in its Fifty-sixth Annual Report that it worked with four of the largest tomato processors in holding approximately 1,825,000 Georgia-grown tomato plants in cold storage. This represented the plants necessary to set about 600 acres of tomatoes.

Some of these plants were held at temperatures ranging from 42 to 60 degrees for 7 to 10 days, while others were heeled in. Those plants that were properly heeled in and those held at 42 degrees F. made fairly satisfactory recovery after setting in the field; most of those held at the higher storage temperatures were lost.

As a result of the magnitude of this problem in 1943, a number of different methods of temporary storage of southern tomato plants are being compared by the College of Agriculture in cooperation with the Geneva Experiment Station. Field plantings testing the effects of storage for 5-, 10-, and 15-day periods, in comparison with immediate setting, were made. The results should furnish a guide for future years when similar contingencies may arise.

Crops for Ex-Orchard Soils

In the fruit districts of central Washington there are 12,000 to 15,000 acres of ex-orchard land, most of which might be used for production of some kinds of vegetables and small fruits. Investigations conducted by the Washington Agricultural Experiment Station show these crops can be grown successfully on lands which have become toxic due to heavy spray applications each year to control codling moth.

The soil building and crop rotation practices which have been found to reduce arsenic toxicity in soils are described in a new bulletin issued by the Washington Agricultural Experiment Station at Pullman, entitled "Vegetable and Small Fruit Growing in Toxic Ex-Orchard Soils of Central Washington," Bulletin 437. Information on the relative tolerance of crops to arsenic in the soil and the degree of success that might be expected when good cultural practices are followed is also contained in this bulletin. Among the crops found to be most tolerant to arsenic in the soil are asparagus, tomato, carrot, grape, and red raspberry.

Cannery Tomato Grades

Of 1,862,136 baskets of tomatoes inspected by the Maryland State Department of Markets during 1944, records show that 55.82 per cent graded No. 1, 39.88 per cent graded No. 2, and 4.30 per cent were culls.

Survey on Canning Pea Yields

Stimulated by war demands, growing peas for processing has become a major enterprise, and last year the New York acreage totaled 46,000, making this crop third only to potatoes and dry beans on the acreage basis. The New York State College of Agriculture states in its Fifty-sixth Annual Report that although the 10-year average of shelled peas is 1,230 pounds per acre, the average yield last year was 2,080 pounds. On the basis of normal yields, growers would hardly be justified in continuing production; however, peas furnish a desirable nurse crop for seeding and can be harvested early enough to permit growing a succession crop. Furthermore, pea ensilage is a valuable by-product for the dairy.

Last year, through the cooperation of 24 pea canners, a survey was conducted on 203 farms to determine the principal causes of poor yields. These were found to be poorly drained soil, injury by fertilizer drilled in contact with the seed, competition with weeds, the root-rot disease, and soil of excessive acidity and low fertility. Caution is urged in the choice of land and greater care in fertilizer practice and disease control, particularly in the regions where the industry is now being expanded.